RANDFONTEIN

LOCAL MUNICIPALITY



2015-16 BUDGET AND MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK

Acronyms and abbreviations

BSC	Budget Steering Committee
CFO	Chief Financial Officer
MM	Municipal Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DoRA	Division of Revenue Act
EXCO	Executive Committee
FBS	Free basic services
GVA	Gross Value Added
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
IBT	Inclining Block Tariff
IDP	Integrated Development Plan
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt hour
ℓ	litre
LED	Local Economic Development
MBBR	Local Government: Municipal Budget and Reporting Regulations
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act (56 of 2003)
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MAYCO	Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator of South Africa
PBO	Public Benefit Organisations
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
SALGA	South African Local Government Association
SDBIP	Service Delivery Budget Implementation Plan
VAT	Value Added Tax

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PART 1 – ANNUAL BUDGET

1.1 Mayor's report

The budget is being compiled against a weakening global outlook and a projected slow growth especially for the developing economies. The gross domestic product of South Africa for 2015 has been projected to grow by 2% in 2015 and rising to 3% by 2017(*MFMA Circular 75*). The slowdown in economic growth since 2012 has led to structural constraints in the domestic economy. This has an adverse effect on consumer's ability to service their accounts due to increased unemployment rate.

The prevailing economic outlook has been taken into account, together with the application of sound financial management principles in the compilation of the Randfontein financial plan. This is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. Randfontein Local Municipality will continue implementing the revenue enhancement project to optimise the collection of mounting debt owed by consumers, and reduce expenditure in non-core activities of the municipality. A debt collection company (Revco) was appointed to assist in data cleansing, indigent verification and collection of outstanding debt from the financially stable consumers.

Budget allocation in terms of the operations and capital budget:

The municipality's total operating and capital budget has now gone above the R1 billion mark. Operating expenditure has been projected at R981million with R101million being capital expenditure. This is supported with a revenue base of R936million, leaving a budget deficit of R45million. The unfunded budget is due mainly to revaluation based depreciation of R103million which is a non-cash transaction. However in order for the municipality to adequately provide for the replacement of these ageing assets, this depreciation must be cash backed to create reserves for asset replacement.

Capital expenditure is funded 36% internally and 64% externally. In a bid to enhance the service delivery, R32million has been allocated towards new capital projects, R14.9million to asset maintenance.

Key priorities for the municipality towards the 2015/16 as per the IDP, SDBIP and its linkage with the Province and National.

RLM exists within the Gauteng province which is the economic and industrial hub of South Africa and the SADC region. In this regards the Municipality has aligned its budget and operations towards achievement of some of the Provincial Ten Pillars of radical Transformation, Modernisation and Re-industrialisation. The following pillars will be implemented:

Radical economic transformation

RLM will conduct workshops with existing and potential SMMEs and empower them to access the entrepreneurial opportunities offered by the municipality through its Supply Chain Management (SCM) processes. These include:

- ✓ Inviting a larger pool of SMMEs to register on the municipal database of service providers. Invitations will be made through, for example, placement of adverts at local township shops and halls over and above advertising in the local media;
- ✓ Training SMMEs on completion of the bid documents. The local South African Revenue Service (SARS) office will be invited at these workshops to empower them on SARS requirements; and
- ✓ Settle the accounts of the SMMEs within the prescribed thirty (30) days period.

Transformation of the state and governance

To support this pillar, the municipality will endeavour to utilise and manage its financial and physical resources in an economic, efficient, effective and transparent manner. This means getting “value for money” for each rand and cents used both internally and externally.

1.2 Council Budget Recommendations

The Council of Randfontein Local Municipality meet on **31 March 2015** in the Council Chambers where the Executive Mayor will table the draft 2015/16 Budget and Medium Term Revenue and Expenditure Framework (MTREF) for consideration or adoption by Council in terms of *section 24(1) of the Municipal Finance Management Act (56 of 2003)*.

1.2.1 That cognisance be taken of the report of the Executive Mayor regarding the draft 2015/2016 budget and the 2016/2017 and 2017/2018 medium term forecast;

1.2.2 That Council of Randfontein Local Municipality, acting in terms of *section 16(2) of the Municipal Finance Management Act, 2003 (No. 56 of 2003)* approves and adopts;

1.2.3 The draft annual budget of the municipality for the financial year 2015/16 and the multi-year and single-year capital appropriations as set out in the tables below:

1.2.4 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 12 on page 32. The operating budget is summarised as follows;

Revenue	-	936,019,506
Expenditure	-	(981,162,032)
Deficit	-	(45,142,526)

That cognisance be taken that the deficit is as a result of the provision for depreciation amounting to R103, 988,890 which is not fully factored in the tariffs;

1.2.5 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 16 on page 37;

1.2.6 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 17 on page 39; and

1.2.7 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 18 on page 40. The capital budget is summarised as follows;

2015/16 CAPITAL BUDGET BY SOURCE OF FUNDING				
Row Labels	Sum of Adjustmen	2015/2016 DRAFT BUDGET	2016/2017 DRAFT BUDGET	2017/2018 DRAFT BUDGET
GDARD	470 000	-		
INEP	5 000 000	28 000 000	15 000 000	17 000 000
Internal	33 783 203	36 235 977	32 289 553	32 008 571
MIG	37 005 848	34 760 500	36 055 350	37 996 200
social development	10 048 231	2 000 000		
SRAC	456 396	-	-	
Unspent Grants	3 400 000	-		
Grand Total	**90 163 678**	**100 996 477**	**83 344 903**	**87 004 771**

- That cognisance be taken that capital maintenance which were previously provided for in the operations budget are now classified in terms of *GRAP 17 Standard* as capital and a provision of 14.9 million has been made in the capital budget for this expenditure;

1.2.8 That the Council of Randfontein Local Municipality, acting in terms of *section 75A of the Local Government: Municipal Systems Act 2000 (No.32 of 2000)* approve and adopt with effect from 1 July 2015 the following tariffs and rates:

1.2.8.1 Refuse removal tariff - Annexure “2”;
1.2.8.2 Sewerage tariffs - Annexure “3”;
1.2.8.3 Water tariffs - Annexure “4” ;
1.2.8.4 Electricity tariffs - Annexure “5”;
1.2.8.5 Property rates - Annexure “6”;
1.2.8.7 Sundry tariffs - Annexure “7”;

1.2.9 That the Council of Randfontein Local Municipality approves the following 2015/16 revised budget related policies:

1.2.9.1 Property Rates Policy - Annexure “8”;
1.2.9.2 Budget policy - Annexure “9”;
1.2.9.3 Virement policy - Annexure “10”;
1.2.9.4 Tariff policy exclusive of VAT - Annexure “11”;
1.2.9.5 Indigent policy - Annexure “12”;
1.2.9.6 Asset management policy - Annexure “13”;
1.2.9.7 Cash management policy - Annexure “14”;
1.2.9.8 Credit control policy - Annexure “15”;
1.2.9.9 Supply Chain Management policy - Annexure “16”;
1.2.9.10 Borrowing policy - Annexure “17”;
1.2.9.11 Long term Financial Plan policy - Annexure “18”;
1.2.9.12 Capital Project policy - Annexure “19”;

1.2.9.13 Bad debt write-off policy - Annexure “20”;
1.2.9.14 Unauthorized, Irregular, Fruitless and Wasteful expenditure policy – Annexure “21”
1.2.9.15 Contract Management Policy – Annexure “22”
1.2.9.16 Inventory Management Policy – Annexure “23”
1.2.9.17 Unclaimed Deposit Policy – Annexure “24”
1.2.9.18 Insurance Policy – Annexure “25”

1.2.10 To give proper effect to the municipality’s annual budget, the Council of Randfontein Local Municipality approves:

1.2.11 That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of *section 8 of the Municipal Budget and Reporting Regulations*;

1.2.12 That the municipality did not budget to raise long term loans to fund the capital budget. and

1.2.13 That the Accounting Officer adheres to all prescribed requirements in terms of legislation regarding the submission of the budget document to the various institutions.

1.3 Executive summary

We commit to respond to our people’s legitimate demand for a better life as reflected in our budget in which the **key priorities are water and sanitation,** and related **critical infrastructure maintenance**. In a continued effort to create jobs for the inhabitants of RLM and to encourage private sector investment the capital budget is being focused on economic generating activities with 75% of the capital budget being allocated for this purpose. The Municipality has budgeted a total of R5.2million for the Expanded Public Works against a national allocation of R1.5million to create jobs for the community.

1.3.1 Charting the Way Forward

MFMA Circular 68, 70, 74 and 75 were taken into consideration in the preparation of the draft 2015/16 MTREF Budget. The RLM consolidated draft budget for the 2015/16 MTREF period is R1.08 billion (2015/16), R1.12 billion (2016/17) and R1.18 billion (2017/18) with the table below summarizing the consolidated overview of the draft 2015/16 MTREF Budget.

Table 1: Consolidated Overview of the 2015/2016 MTREF

2015/16 MTREF BUDGET SUMMARY				
Description	**Adjustment Budget 2014/15**	**2015/16 Draft Budget**	**2016/17 Draft Budget**	**2017/18 Draft Budget**
Total Operating Income	908 386 976	936 019 506	981 941 422	1 037 134 104
Total Operating Expenditure	954 826 245	981 162 032	1 035 225 389	1 091 662 488
Surplus/(Defict) for the year	**(46 439 269)**	**(45 142 526)**	**(53 283 968)**	**(54 528 384)**
Total Capita Expenditure	90 163 678	100 996 477	83 344 903	87 004 771
Total Budget	**1 044 989 923**	**1 082 158 509**	**1 118 570 292**	**1 178 667 260**

Total operating revenue has grown by 3 per cent or R27.6 million for the 2015/2016 financial year when compared to the 2014/2015 Adjustments Budget. For the two outer years, operational revenue will increase by 5.9 per cent and 5.6 percent respectively, equating to a total revenue growth of R129. million over the MTREF when compared to the 2014/15 adjustment budget.

Total operating expenditure for the 2015/2016 financial year has been appropriated at R981million and translates into an operating budgeted deficit of R45million. This operating deficit is a non-cash deficit due to non-cash depreciation totalling R103million.

MFMA Circular no.58 stated that, in preparation for 2012/2013 budget, municipalities that have chosen the 'revaluation model' when implementing *GRAP 17* must exclude the depreciation resulting from the revaluation of PPE when preparing their budgets and calculating any tariff increases. When implementing *GRAP 17* in 2008/09 financial year, Randfontein Local Municipality used the 'revaluation model' and subsequently used 'cost model' moving forward. The depreciation charge for 2015/16 has remained constant at R103million due to the comprehensive asset verification exercise which may yield changes to the current asset register.

However, there continues to be a focus to reduce the deficit for the municipality in line with *National Treasury circular 72* requirements, to produce a funded surplus budget. The deficit in 2015/16 has been reduced by R1.3 million compared to 2014/15 adjustment budget. What continues to be of concern is the financial impact of depreciation which constitutes 10.6% of the total operating budget, on the operation of the municipality.

Randfontein Local Municipality has had to take a more conservative approach in the manner in which it approaches the budgeting. This approach includes giving consideration in the budget to the cost containment measures suggested by National Treasury and in line with the Municipality's revenue enhancement strategy.

These measures are being implemented in an attempt to ensure the future viability of the institution and to focus on reducing the impact on the residents within our community.

Capital Budget

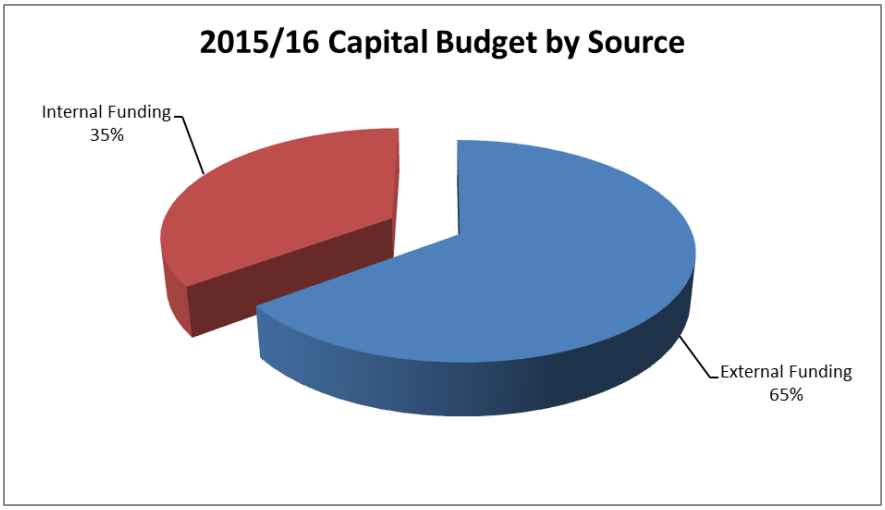
The total draft capital budget for 2015/16 amounts to R103 million, R85million and R89million over the MTREF. The table below highlights the capital budget per department:

Table 2: Draft Capital Budget 2015-16 & MTREF

DRAFT CAPITAL BUDGET 2015-16 & MTREF				
DEPARTMENT	Adjustment Budget 2014/2015	2015/2016 DRAFT BUDGET	2016/2017 DRAFT BUDGET	2017/2018 DRAFT BUDGET
Corporte Services	1 642 551	15 310 000	15 310 000	15 310 000
Council and Executive	419 250	482 000	-	-
Infrastructure Services	74 826 628	80 929 477	66 134 903	70 751 571
Public Safety	210 931	425 000	-	-
Social Development	13 064 318	3 850 000	1 900 000	943 200
TOTAL BUDGET	**90 163 678**	**100 996 477**	**83 344 903**	**87 004 771**

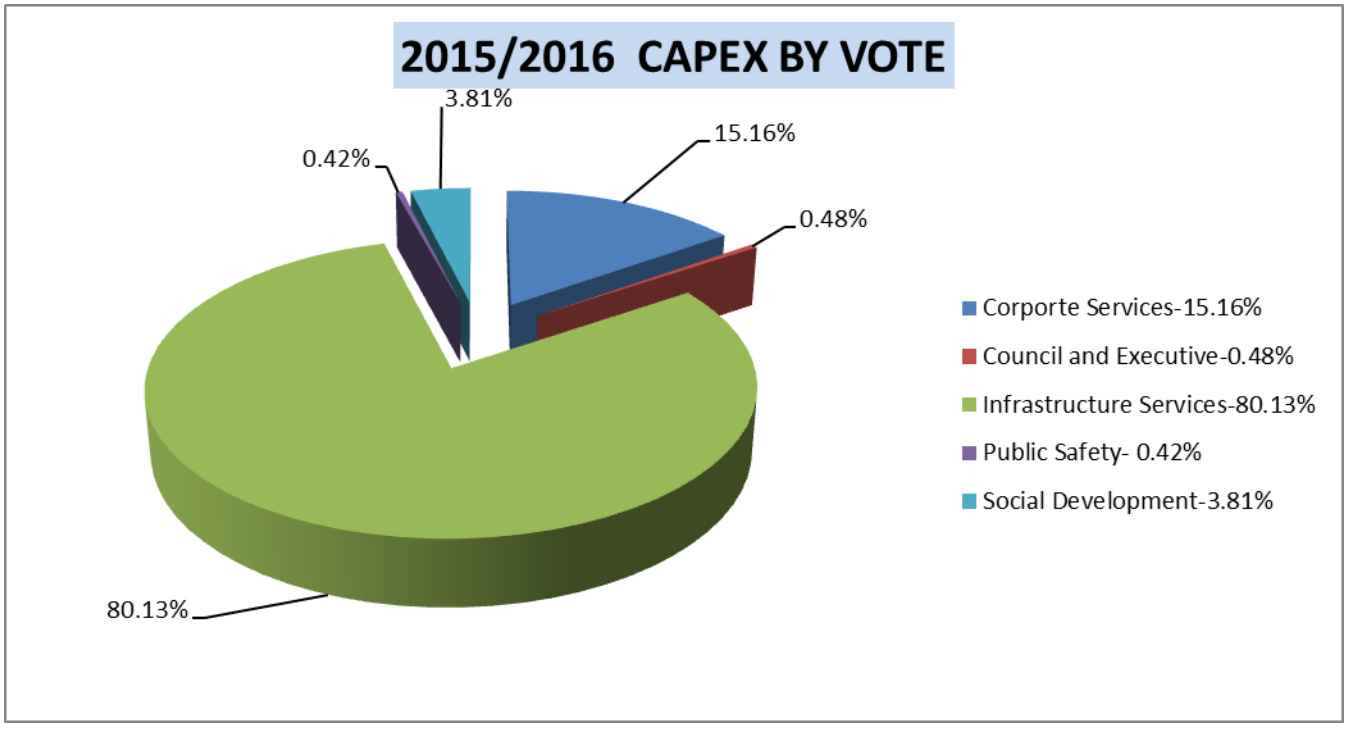
The capital budget of R101 million has been provided for 2015/2016 and has increased by 11% as compared to the 2014/2015 Adjustment Budget. Own funded capital projects were increased by R2.5 million due to limitations of cash reserves and debt owed by the municipality to Eskom. A substantial portion of the financial lease vehicles will be paid up by 30 June 2015 and will become unencumbered municipal assets. However, whilst the obligations on monthly lease payments have been reduced, repairs and maintenance of the vehicles will escalate as most of these vehicles are out of warrant.

Graph 1: 2015/2016 Draft Capital Budget by Source



For 2015/2016 financial year the capital budget will be funded from capital transfers and grants at 64% and internally generated at 36%. Internally funded projects will be limited to capital maintenance that has already been committed, and repayment of finance leases.

Graph 2: 2015/2016 Draft Capital Expenditure per Vote



Infrastructure services received the largest budget (80.13%) in the 2015/16 budget, in pursuit of the municipality to improve the municipal infrastructure. This is followed by the corporate services department with 15.16%, aimed towards improving and cementing our information systems, to ensure efficient information and service delivery.

1.3.2 Operating Revenue Framework

For Randfontein Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue and expenditure management are fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipal area and continued economic development;
- Efficient revenue management, which aims to ensure a 97% annual collection rate for property rates and other key service charges;
- Electricity tariff increases of 12,20% still to approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- The municipal property rates *Act, 2004 (Act 6 of 2004) (MPRA)*;
- Impact of Census 2011;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies for the municipality.

The following table is a summary of the draft 2015/2016 MTREF (classified by main revenue source):

Table 3 draft Summary of revenue classified by main revenue source

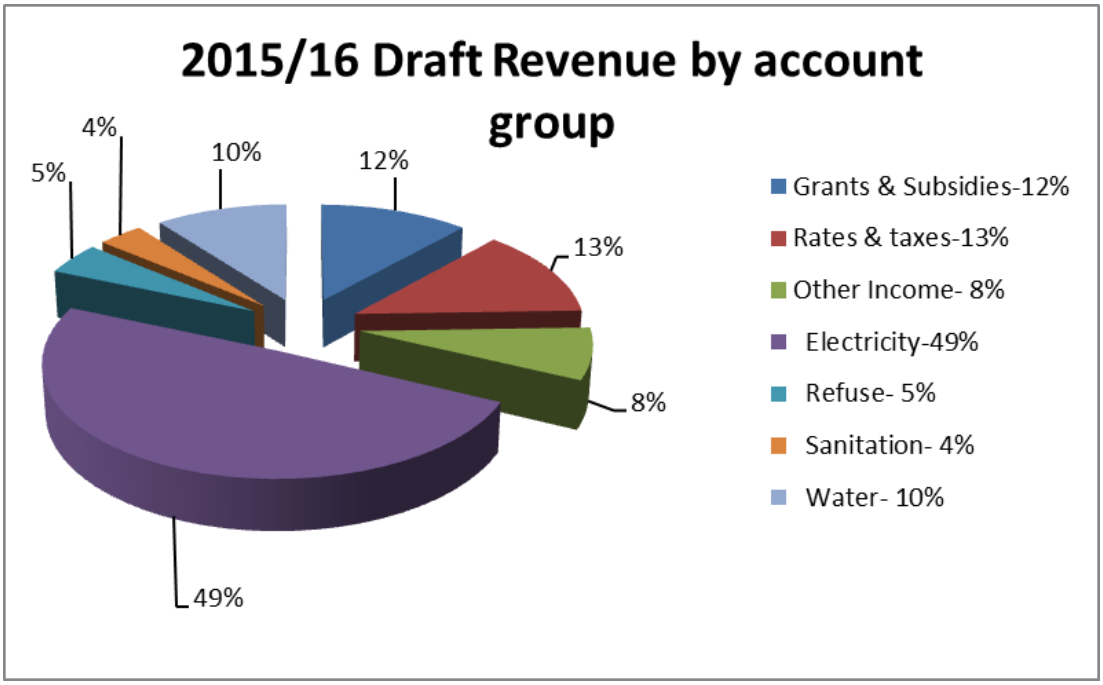
GT482 Randfontein - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source											
Property rates	2	65 093	77 851	74 975	112 732	112 732	112 732	112 732	119 831	126 299	132 993
Property rates - penalties & collection charges		–	–								
Service charges - electricity revenue	2	297 163	322 928	358 518	411 572	413 572	413 572	413 572	461 784	489 029	516 415
Service charges - water revenue	2	72 513	68 053	68 155	124 661	124 661	124 661	124 661	97 197	102 932	108 696
Service charges - sanitation revenue	2	25 181	30 473	31 085	39 445	39 445	39 445	39 445	33 667	35 653	37 650
Service charges - refuse revenue	2	27 795	35 378	38 506	38 958	38 958	38 958	38 958	43 699	46 277	48 868
Service charges - other		1 063	7 100	268	1 675	1 675	1 675	1 675	1 755	1 858	1 963
Rental of facilities and equipment		1 746	1 987	1 963	2 533	2 533	2 533	2 533	2 932	3 095	3 261
Interest earned - external investments		1 333	3 471	2 339	1 508	1 808	1 808	1 808	135	142	150
Interest earned - outstanding debtors		1 964	8 475	12 864	8 496	8 496	8 496	8 496	10 779	11 372	11 974
Dividends received		–							–	–	–
Fines		7 258	6 447	5 210	4 006	4 006	4 006	4 006	8 349	8 842	9 337
Licences and permits		69	57	26	86	86	86	86	90	95	101
Agency services		13 542	15 885	13 562	48 852	16 992	16 992	16 992	17 986	19 047	20 114
Transfers recognised - operational		133 441	137 118	153 826	131 725	132 225	132 225	132 225	109 535	107 424	114 123
Other revenue	2	30 886	17 649	5 090	13 571	11 199	11 199	11 199	28 282	29 876	31 490
Gains on disposal of PPE									–	–	–
Total Revenue (excluding capital transfers and contributions)		**679 048**	**732 873**	**766 388**	**939 819**	**908 387**	**908 387**	**908 387**	**936 020**	**981 941**	**1 037 134**

Table 4 Percentage growth in revenue by main revenue source

GT482 Randfontein - Table A4 Budgeted Financial Performance (revenue and expenditure)								
Description	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework				
R thousand	Audited Outcome	Adjusted Budget	% Growth	Budget Year 2015/16	% Growth	Budget Year +1 2016/17	% Growth	Budget Year +2 2017/18
Revenue By Source								
Property rates	74 975	112 732	50%	119 831	6%	126 299	5%	132 993
Service charges - electricity revenue	358 518	413 572	15%	461 784	12%	489 029	6%	516 415
Service charges - water revenue	68 155	124 661	83%	97 197	-22%	102 932	6%	108 696
Service charges - sanitation revenue	31 085	39 445	27%	33 667	-15%	35 653	6%	37 650
Service charges - refuse revenue	38 506	38 958	1%	43 699	12%	46 277	6%	48 868
Service charges - other	268	1 675	524%	1 755	5%	1 858	6%	1 963
Rental of facilities and equipment	1 963	2 533	29%	2 932	16%	3 095	6%	3 261
Interest earned - external investments	2 339	1 808	-23%	135	-93%	142	6%	150
Interest earned - outstanding debtors	12 864	8 496	-34%	10 779	27%	11 372	6%	11 974
Fines	5 210	4 006	-23%	8 349	108%	8 842	6%	9 337
Licences and permits	26	86	232%	90	5%	95	6%	101
Agency services	13 562	16 992	25%	17 986	6%	19 047	6%	20 114
Transfers recognised - operational	153 826	132 225	-14%	109 535	-17%	127 030	16%	134 768
Other revenue	5 090	11 199	120%	28 282	153%	10 270	-64%	10 845
Total Revenue (excluding capital transfers and contributions)	**766 388**	**908 387**	**19%**	**936 020**	**3%**	**981 941**	**5%**	**1 037 134**

The following graph gives a breakdown of the main revenue categories for the 2015/16 financial year

Graph 3: 2015 Draft Revenue by account group



In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the municipality. Rates and service charge revenues constitute 81 per cent of the total revenue mix. In the 2015/2016 financial year, revenue from rates and services charges totalled R756 million. This increases to R800 million and R844.6 million in the respective financial years of the MTREF. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity over the years. Income from the water services has been decreased by R27.5 million due to alignment of the actual billing in the current year and previous financial year 2013/14 actual consumption. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

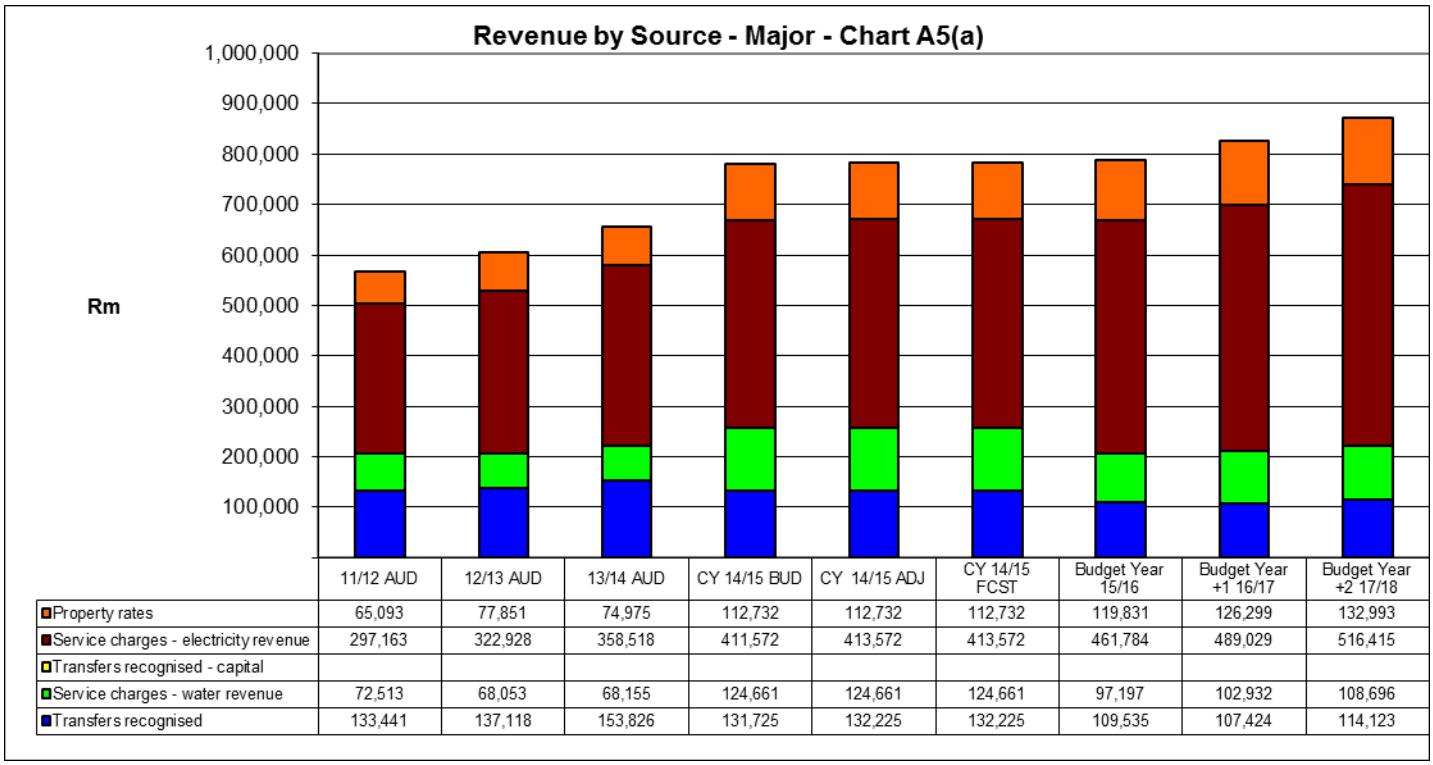
Property rates is the second largest revenue source totalling R120 million or 13% of the total revenue and increases to R126million and R133 million in 2016/17 and 2017/18 respectively. The third largest sources (besides other service charges) is transfer recognized-operational and fourth largest is agency fees, followed by general income which consists of various items such as income received from rental of facilities, traffic fines, income from agency fees, building plan fees, connection fees, cemetery fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R127.3 million in the 2015/2016 financial year, a R4.9million decrease from the previous year. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term.

Table 5 Operating Transfers and Grant Receipts

GT482 Randfontein - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		**83 638**	**97 973**	**102 773**	**105 557**	**106 057**	**106 057**	**101 323**	**102 600**	**109 032**
Local Government Equitable Share		81 638	92 992	95 880	100 395	100 395	100 395	95 613	98 270	104 449
Finance Management		1 200	1 250	1 250	1 450	1 450	1 450	1 450	1 475	1 550
Municipal Systems Improvement		800	890	890	934	934	934	930	957	1 033
EPWP Incentive			1 000	1 000	1 000	1 500	1 500	1 500	–	–
Municipal Infrastructure Grant (MIG)			1 841	1 753	1 778	1 778	1 778	1 830	1 898	2 000
Other transfers/grants [insert description]				2 000						
Provincial Government:		**–**	**–**	**1 630**	**4 194**	**4 194**	**4 194**	**1 750**	**–**	**–**
Sport and Recreation				1 630	3 194	3 194	3 194	–	–	–
Sport and Recreation										
Provincial Cogta PMS								750	–	–
Provincial Cogta Grap 17					1 000	1 000	1 000	1 000	–	–
District Municipality:		**–**	**–**	**–**	**700**	**700**	**700**	**700**	**700**	**737**
HIV/AIDS					700	700	700	700	700	737
Other grant providers:		**–**	**–**	**17 259**	**21 274**	**21 274**	**21 274**	**5 763**	**4 124**	**4 354**
SDL subsidy				100	319	319	319	334	354	373
LG Seta				–	3 186	3 186	3 186	3 339	3 536	3 734
Health subsidy				434	21	21	21	22	24	25
Transformation				–	–	–	–			
Other grant providers:				16 524	17 548	17 548	17 548	1 857	–	–
Bontle ke Botho				200	200	200	200	211	211	222
Total Operating Transfers and Grants	5	**83 638**	**97 973**	**121 662**	**131 725**	**132 225**	**132 225**	**109 535**	**107 424**	**114 123**
Capital Transfers and Grants										
National Government:		**–**	**–**	**26 082**	**33 789**	**37 006**	**37 006**	**62 761**	**51 055**	**52 996**
Municipal Infrastructure Grant (MIG)				20 032	33 789	37 006	37 006	34 761	36 055	37 996
FMG				50	–	–	–	–	–	–
Water Services				–	–	–	–	–	–	–
INEP (Energy Efficiency)				–	–	–	–	8 000	8 000	8 000
INEP				6 000	–	–	–	20 000	7 000	7 000
Roll over inep										
Provincial Government:		**–**	**–**	**10 700**	**–**	**10 518**	**10 518**	**2 000**	**–**	**–**
Social Development				3 000	–	10 048	10 048	2 000	–	–
SRAC				2 700	456	–	–	–	–	–
Minerals & Energy				5 000	–	–	–	–	–	–
Dept of Economic Dev				–	–	–	–	–	–	–
GRAD					–	470	470	–	–	–
		–	**–**	**1 835**	**–**	**–**	**–**	**–**	**–**	**–**
HIV/AIDS				1 835	–	–	–			
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
SDL subsidy										
Total Capital Transfers and Grants	5	**–**	**–**	**38 617**	**33 789**	**47 524**	**47 524**	**64 761**	**51 055**	**52 996**
TOTAL RECEIPTS OF TRANSFERS & GRANT		**83 638**	**97 973**	**160 279**	**165 514**	**179 749**	**179 749**	**174 296**	**158 479**	**167 119**

Graph 4 : Income by Major Source



	11/12 AUD	12/13 AUD	13/14 AUD	CY 14/15 BUD	CY 14/15 ADJ	CY 14/15 FCST	Budget Year 15/16	Budget Year +1 16/17	Budget Year +2 17/18
Property rates	65,093	77,851	74,975	112,732	112,732	112,732	119,831	126,299	132,993
Service charges - electricity revenue	297,163	322,928	358,518	411,572	413,572	413,572	461,784	489,029	516,415
Transfers recognised - capital									
Service charges - water revenue	72,513	68,053	68,155	124,661	124,661	124,661	97,197	102,932	108,696
Transfers recognised	133,441	137,118	153,826	131,725	132,225	132,225	109,535	107,424	114,123

1.3.3 Summary of Rates and Service Charge Tariff implications to the 2015/16 MTREF Budget

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised local economic conditions, the wage agreements with unions, other input costs of services provided by the municipality, the municipality's indigent policy and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

The percentage increases of both Eskom and Rand Water bulk tariffs are beyond the South African Reserve Bank inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality are largely outside the control of the municipality. The Eskom price increase of bulk electricity supplied to municipalities will increase by 14.24% on 01 July 2015. Rand Water has notified municipalities that the proposed potable water tariff will be 14,5% from 01 July 2015.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities.

The basket of goods and services utilised for the calculation of the CPIX consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, materials and chemicals.

The current challenge facing Randfontein Local Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows:

1.3.3.1 Property rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance and Traditional Affairs *MFMA Budget Circular 59 and 70* for the 2014/15 MTREF cautioned municipalities to "adopt a conservative approach when projecting their expected revenues and cash receipts".

The category of rateable properties for purposes of levying rates is proposed to be increased by 4.8%. The primary rebate will be reduced by R50,000-00 for residential properties from the market value.

Table 6: Proposed Draft 2015/2016 Property Rates Tariffs

DETAILED CATEGORY	TARIFF R	EXEMPTION R	REBATE
Agricultural	0,0028	0	Can apply
Commercial/Industrial	0,026	0	10%
Government	0,026	0	0%
Mining	0,026	0	0%
Multi-Purpose	0,026	0	25%
Public Service Infrastructure	0,0032	0	0%
Public Open Space	0,0032	0	0%
Parking	0,0170	0	0%
Recreational	0,026	0	25%
Residential	0,0170	50,000	10%
Sectional Title	0,0170	50,000	10%
Vacant stands	0,0477	0	0%
Municipal: Rate able	0,0170	50,000	10%
Education	0,026	0	0%
Religious	0,026	0	Can Apply
Private Open Space	0,026	0	25%

SCHEDULE A

CATEGORY / DESCRIPTION	REBATE
Agricultural	Can apply
Commercial / Industrial	10 %
Government	0 %
Mining	0 %
Multi-Purpose	25 %
Public Service Infrastructure	0 %
Public Open Space	100 %
Parking	0 %
Recreational	25 %
Residential	10 %

CATEGORY / DESCRIPTION	REBATE
Sectional Title	10 %
Vacant Stands	0 %
Municipal : Rateable	0%
Public Worship	100%
Private Open Space	25%
Institute	0%
Private Owned PSI	25%
Township Title Properties	100%
Servitudes	0%
Education	0%

SCHEDULE B

RETIRED AND DISABLED RATE REBATE	
R 0 – R2500	Full rebate (Indigent)
R2501 – R3000	85 %
R3001 – R4500	70 %
R4501 - R6000	55 %
R6001 – R8000	40 %

SCHEDULE C

REBATE S ON AGRICULTURAL LAND	
No municipal roads next to property	7,5%
No municipal sewerage to the property	7,5%
No municipal electricity to the property	7,5%
No water supply to the property by the municipality	15%
No refuse removal provided by the municipality	7,5%
Contribution to job creation	5%

CONTRIBUTION TO SOCIAL AND ECONOMIC WELFARE OF FARM WORKERS	
Permanent residential property provided to the farm workers	5%
Residential property provide with potable water	5%
Residential property provide with potable water	5%
Residential property provide with electricity	5%
Availing land/buildings for education and recreational purposes for farm workers	5%

1.3.1.2 Sale of water and impact of tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply and high percentage of water losses. Randfontein Local Municipality is facing similar dilemma as any municipality in our country. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

National Treasury encourages municipalities to develop a pricing strategy to phase-in the necessary tariff increase in a manner that spreads the impact on consumers over a period of time if the water tariffs for municipalities is not fully cost reflective. National Treasury further encourages municipalities to put in place an appropriate strategy to limit water losses to acceptable levels and Rand Water will work together with municipalities to assist on water demand management. Water losses in 2013/2014 audited financial statements was **16%.** The Infrastructure Department has developed a strategy to curb these high water losses, and it is imperative for the Department to implement the strategy vigorously as part of revenue enhancement and cost containment strategy.

Better maintenance of infrastructure, new reservoirs construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

Rand Water has proposed an indicative tariff increase of about 14,5% for municipal budgeting process. A tariff increase of 14.5**%** from 01 July 2015 for water is therefore proposed. This is based on input cost assumptions of 13,5% increase in the cost of bulk water (Rand Water) and 1% of the administration costs. That the non-indigent household consumers be accorded 6 kl free basic water per month and prioritise the service delivery related projects.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 7: Proposed water tariffs

WATER	APPROVED 2014/2015	PROPOSED 2015/2016	PROPOSED 2016/2017	PROPOSED 2017/2018
Basic charge per kl (pm)	20.05	22.96	26.29	30.10
RESIDENTIAL				
0 to 6 kl Non-Indigents	5.51	6.30	7.22	8.27
7 to15 kl	15.91	18.22	20.86	23.88
16 to 30 kl	17.72	20.29	23.23	26.60
31 kl and more	19.37	22.18	25.39	29.08
BUSINESS / INDUSTRIAL				
0 to 100 kl	16.96	19.42	22.23	25.46
101 kl and more	16.24	18.59	21.29	24.38
SCHOOLS / CHURCHES / WELFARE				
1 kl and more	14.37	16.45	18.84	21.57

1.3.1.3 Sale of electricity and impact of tariff Increases

The Eskom price of bulk electricity supplied to municipalities will increase by 14.24% on 01 July 2015. NERSA issued a guideline directing an increase of 12,20% for municipal electricity tariffs. For 2015/2016, registered household indigents will again be granted
100 kWh per month free of charge and the non-indigent household consumers be accorded 50 kWh free basic electricity per month.

In the 2015/2016 financial year, no changes have been made in the electricity tariff structure compared to the previous 2014/15 financial year. The structure remains as follows:

- That the time of use (TOU) structure is for large consumers to reflect peak and off-peak and standard charges.
- The Inclining Block Tariff (IBT) structure for residential customers is retained with the tariffs being increased by 12,20% as per NERSA guideline.

Table 8: Proposed Electricity Tariffs

Domestic consumers with Conventional electricity meters (non-indigent households).

Tariffs blocks kwh	TARIFFS 2014/2015	PROPOSED tariffs c/kwh 2015/2016	Proposed tariffs c/kwh 2016/2017	Proposed tariffs c/kwh 2017/2018
Block 1 (0 – 50) kWh	0.74	0.83	0.93	1.04
Block 2 (51 – 350) kWh	0.93	1.04	1.16	1.30
Block 3 (351 - 600) kWh	1.26	1.41	1.58	1.77
Block 4 (600) kWh	1.48	1.66	1.86	2.08
Basic Charge(R/Month)	116.82	131.07	147.06	156.00

Domestic consumers with prepaid electricity meters (non-indigent households).

Tariffs blocks kwh	CURRENT TARIFFS 2014/2015	PROPOSED tariffs c/kwh 2015/2016	Proposed tariffs c/kwh 2016/2017	Proposed tariffs c/kwh 2017/2018
Block 1 (0 – 50) kwh	0.74	0.83	0.93	1.04
Block 2 (51 – 350) kwh	0.93	1.04	1.16	1.30
Block 3 (351 - 600) kwh	1.26	1.41	1.358	1.77
Block 4 (600) kwh	1.48	1.66	1.86	2.08

Domestic consumers with prepaid electricity meters (Indigent households)

Tariffs blocks kwh	CURRENT TARIFFS 2014/2015	PROPOSED tariffs c/kwh 2015/2016	Proposed tariffs c/kwh 2016/2017	Proposed tariffs c/kwh 2017/2018
Block 1 (0 - 100) kwh	0.74	0.83	0.93.	1.04
Block 2 (101 - 350) kwh	0.93	1.04	1.16	1.30
Block 3 (351- 600) kwh	1.26	1.41	1.58	1.77
Block 4 (600) kwh	1.482	1.66	1.86	2.08

Domestic consumers with conventional electricity meters (Indigent households)

Tariffs blocks kwh	CURRENT TARIFFS 2014/2015	PROPOSED tariffs c/kwh 2015/2016	Proposed tariffs c/kwh 2015/2016	Proposed tariffs c/kwh 2016/2017
Block 1 (0 - 100) kwh	0.74	0.83	0.93	1.04
Block 2 (101- 350) kwh	0.93	1.04	1.16	1.30
Block 3 (351 - 600)kwh	1.26	1.41	1.58	1.77
Block 4 (600) kwh	1.48	1.66	1.86	2.08
Basic/Fixed charge: R/month	116.82	131.07	147.06	156.00

Commercial Tariffs

Commercial Conventional Tariffs	PROPOSED tariffs 2015/2016
Basic Charge	R339-23 / month
Energy Charge	R137/kWh

Commercial Prepaid Tariffs	PROPOSED tariffs 2015/2016
Energy Charge	R171-96c/kWh

Industrial < 1000 kVA	PROPOSED tariffs 2015/2016
Basic Charge	R1,857-88 / month
Energy Charge	R68-67 c/kWh
Demand Charge	R185-63 /kVA

Industrial > 1000 kVA	PROPOSED tariffs 2015/2016
Basic Charge	R1,857-88 / month
Energy Charge	R65-59c /kWh
Demand Charge	R186-10 /kVA
Time of Use (TOU) – Low Voltage < 70 kVA *Low Season*	PROPOSED tariffs 2015/2016
Basic Charge	R928-94 / month
Energy Charge : Peak Standard Off-peak	R97-82 c/kWh R67-33 c/kWh R42-72 c/kWh
Demand Charge	R185-63 /kVA
Time of Use (TOU) – Low Voltage < 70 kVA *High Season*	PROPOSED tariffs 2015/2016
Energy Charge : Peak Standard Off-peak	R299-88 c/kWh R90-85 c/kWh R48-93 c/kWh
Demand Charge	R74-08 /kVA
Access charge	R60-61 /kVA
Reactive Energy	R3-36 kVArh
Time of Use (TOU) – Low Voltage > 70 kVA *Low Season*	PROPOSED tariffs 2015/2016
Basic Charge	R1,857-88 /month
Energy Charge : Peak Standard Off-peak	R97-82 c/kWh R67-33 c/kWh R42-72 c/kWh
Demand Charge	R74.08 /kVA
Access charge	R60-61/kVA
Reactive Energy	R3-36 kVArh
Time of Use (TOU) – Low Voltage > 70 kVA *High Season*	PROPOSED tariffs 2015/2016
Energy Charge : Peak Standard Off-peak	R299-88 c/kWh R90-85 c/kWh R48-93 c/kWh
Demand Charge	R67-34 /kVA
Access charge	R55-10 /kVA
Reactive Energy	R3-36 kVArh

Street lighting tariff

DESCRIPTION	PROPOSED tariffs 2015/2016
Energy charge : c/kWh	107-75

1.3.1.4. Sanitation and impact of tariff Increases

A tariff increase of 5.8% for sanitation from 01 July 2015 is proposed. The increase is based on the inflation forecast by National Treasury for the 2015/2016 financial year. Free sanitation (of 10 kℓ water) will be applicable to registered indigents.

The total revenue expected to be generated from rendering this service amounts to R33.7 million for the 2015/2016 financial year. The following table compares the current and proposed tariffs:

1.3.1.5 Solid waste removal and impact of tariff increase

Table 9: Proposed sanitation tariffs

SEWER	APPROVED 2014/2015	PROPOSED 2015/2016	PROPOSED 2016/2017	PROPOSED 2017/2018
LEVY ON LAND SIZE FOR ALL CONSUMERS				
0 – 500	20.32	21.30	22.55	23.81
501 – 1000	29.90	31.34	33.18	35.04
1001 – 1500	38.89	40.76	43.16	45.58
1501 – 2000	48.24	50.56	53.54	56.54
2001 – 2500	57.52	60.28	63.84	67.41
2501 – 3000	66.87	70.08	74.21	78.37
3001 – 3500	76.17	79.83	84.54	89.27
3501 – 4000	85.50	89.60	94.89	100.20
4001 – 4500	93.96	98.47	104.28	110.12
4501 – 5000	104.05	109.04	115.48	121.94
5001 – 5500	117.78	123.43	130.72	138.04
5501 – 6000	122.74	128.63	136.22	143.85
6001 – 6500	132.03	138.37	146.53	154.74
6501 – 7000	141.32	148.10	156.84	165.62
7501 – 8000	150.61	157.84	167.15	176.51
8001 – 8500	159.97	167.65	177.54	187.48
Bulk water per kl over 150 kl	0.80	0.84	0.89	0.94
ADDITIONAL LEVY				
House	93.67	98.17	103.96	109.78
Business per point	102.95	107.89	114.26	120.66
Bulk water per 150 kl	3.89	4.08	4.32	4.56

A proposed average increase of 5.8% is proposed for 2015/2016 on refuse removal. It is widely accepted that the rendering of this service should at least break even, which is currently not the case, hence the increase of 5.8%. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term, including the resuscitation of the weighbridge, in order to charge objectively. A detailed refuse tariffs is attached as **Annexure**.

Table 10 : Proposed solid waste removal

REFUSE	APPROVED 2014-15	PROPOSED 2015-16	PROPOSED 2016-17	PROPOSED 2017-18
Business daily	674.69	713.82	755.22	799.03
CHARGE PER BIN COLLECTED				
Residential	137.06	145.01	153.57	162.63
Business	239.45	253.34	268.29	284.11
Flats	117.87	124.71	132.06	139.86
Industrial per M^3	52.49	55.53	58.81	62.28
Old Age Homes	34.60	36.61	38.77	41.05

1.3.2 Operating Expenditure Framework

Randfontein Local Municipality expenditure framework for the draft 2015/16 budget and MTREF is informed by *Section 18 and 19 of the Municipal Finance Management Act 2003, (No. 56 of 2003)* .

Balanced budget constraint – for the past three years the municipality has been budgeting for a deficit and is currently reviewing its revenue enhancement strategy to eliminate budgeting for a deficit. This is due depreciation as a result of a revaluation model for assets in compliance with *GRAP 17*. The capital programme is aligned to the asset renewal and backlog eradication plan; Operational gains and efficiencies will be directed to funding the capital budget and other core services.

In respect of the debt impairment, the municipality has appointed a debt collection company (RevCo) to assist with collecting the long outstanding debt. In respect of the current debt, payment collection levels have been enhanced from an average of 85% in the 2013/14 to 97%. This will reduce the provision for debt impairment going forward.

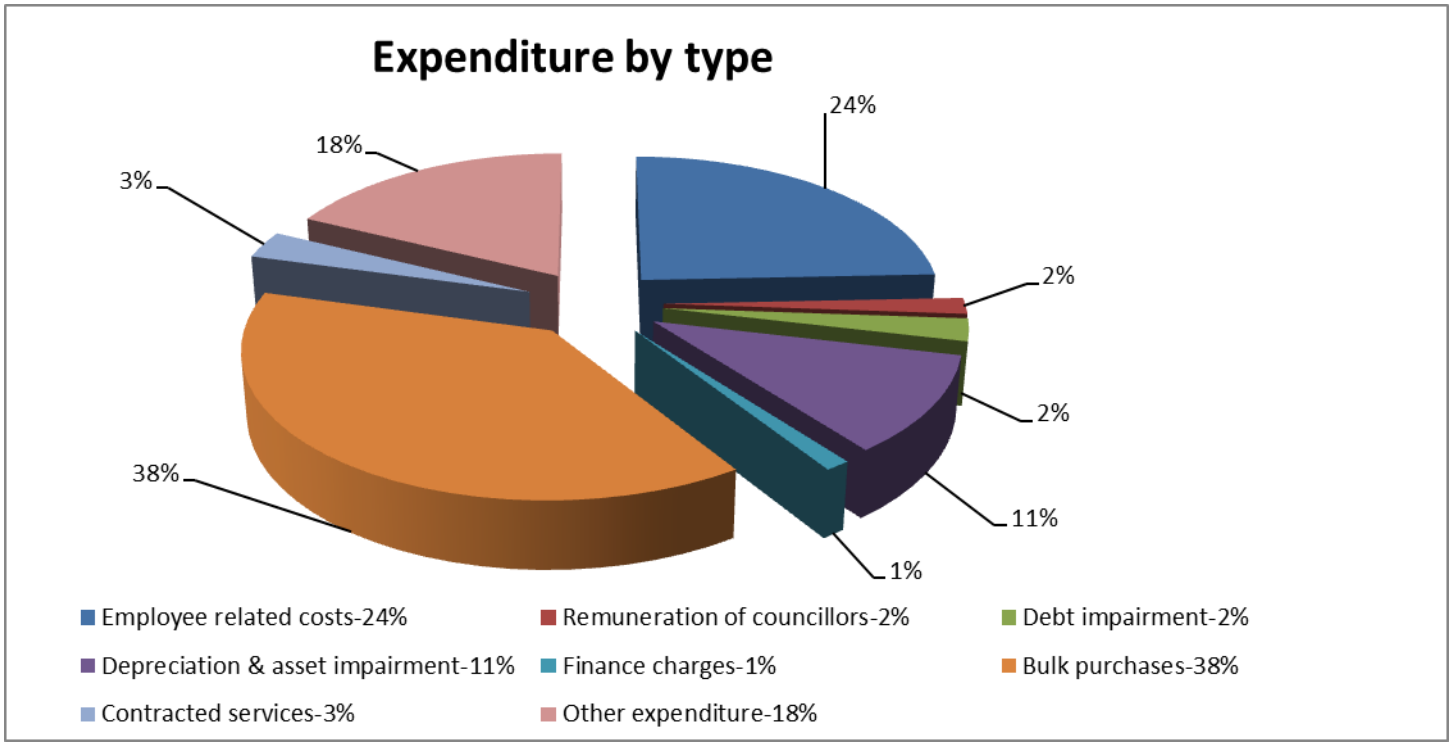
The following table is a high level summary of the draft 2015/2016 budget and MTREF (classified per main type of operating expenditure):

Table 11: Summary of operating expenditure by item for the Draft 2015/2016 MTREF

GT482 RANDFONTEIN – TABLE A4 CONSOLIDATED BUDGETED FINANCIAL PERFORMANCE (REVENUE & EXPENDITURE)

GT482 Randfontein - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Expenditure By Type											
Employee related costs	2	183 292	192 312	214 985	231 718	232 714	232 714	232 714	238 754	253 575	267 356
Remuneration of councillors		12 790	13 747	14 072	16 465	16 465	16 465	16 465	17 477	18 599	19 585
Debt impairment	3	–	36 128	39 316	33 910	33 910	33 910	33 910	24 410	29 551	31 176
Depreciation & asset impairment	2	116 606	104 804	100 854	109 256	103 989	103 989	103 989	107 333	110 947	116 991
Finance charges		13 937	17 879	24 698	16 317	16 317	16 317	16 317	11 793	11 604	11 682
Bulk purchases	2	271 455	292 648	329 572	339 767	339 767	339 767	339 767	377 291	399 552	421 926
Contracted services		25 748	27 975	24 897	28 899	28 899	28 899	28 899	29 710	31 463	33 225
Transfers and grants		400	420	420	420	420	420	420	630	642	677
Other expenditure	4, 5	101 737	121 133	139 437	217 977	182 345	182 345	182 345	173 764	179 293	189 045
Total Expenditure		**725 964**	**807 045**	**888 251**	**994 729**	**954 826**	**954 826**	**954 826**	**981 162**	**1 035 225**	**1 091 662**

Graph 5: Expenditure by major type for the 2015/2016 financial year



The budgeted allocation for employee related costs for the 2015/2016 financial year amounts to R238.8 million, which equals 24% of the total operating expenditure, Employee related cost overall will increase by 5.8%, of which 5.9% and 5.6%,

respectively. The 2015/16 increase of 5.8% consists of CPIX 4.4% national treasury guideline and the

01 July 2015 to 30 June 2016 general increase whilst 1.4% is for notch increases and other non-inflation linked items like overtime, annual bonuses, long service awards, leave payments and vacant positions.

The following are highlights of the components of operating expenditure:

- A total annual increase of 5.9% and 5.6%, respectively has been included in the two outer years of the MTREF.

- Expenditure against overtime has decreased by 23% from the previous financial year. Overtime is only being provided for emergency services and other critical functions;

- The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of *Public Office Bearers Act, 1998 (No. 20 of 1998).* The most recent proclamation *(Government Gazette no. 35962)* in this regard has been taken into account in compiling the municipality's budget and an increase of 5.8% has factored in taking into consideration grading number 5 of the municipality;

- The provision of debt impairment was determined based on an annual collection rate of 97%. For the 2015/2016 financial year this amount equates to R24.4 million and R30 million by 2016/17. This expenditure is considered to be a non-cash flow item;

- Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset of consumption of assets. Budget appropriations in this regard total R103 million for the 2015/2016 financial year and equates to 10.6 % of the total operating expenditure;

- Finance charges consist primarily of the repayment of interest on long-term borrowing and interest on ESKOM outstanding debt (Finance charges make up 2% of operating expenditure excluding annual redemption);

- Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Rand Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The Bulk purchase constitutes 38% of the total operating budget. It is therefore imperative that the municipality prioritise the reduction of the distribution losses to maximum income generation from this expenditure item.

- In line with the Randfontein Local municipality repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of the infrastructure. For 2015/2016 a provision of R34.8million has been made available and R 36.8 million and R 38.9 million for 2016/2017 and 2017/2018 financial years respectively. However this is well below the national treasury circular 55. Guideline which stipulates that the Municipality must budget for at least 8% of the total asset carrying value, which translates to R200million; and

- Other general expenses have been identified as one of the highest cost drivers for the municipality. In the 2015/2016 financial year, this group of expenditure totals R174 million or 18% of the total budget. The following table gives a breakdown of the main expenditure categories for the 2015/2016 financial year.

1.3.2.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipality current infrastructure, the draft 2015/2016 budget and MTREF provides 5% of the total operating and capital budget. This includes the capital maintenance growth in the area of asset maintenance as informed by the availability of resources and asset renewal strategy.

In terms of the *Municipal Budget and Reporting Regulations*, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures such as remuneration, purchases of materials and contracted services. The total allocation for 2015/2016 equates to R34.8 million (operational) and R14.9million (for Capital maintenance) of which the overall budget for repairs and maintenance amounts to R49.7million . The total repairs and maintenance budget increases by R2.6 million in 2016/2017 and R2.8million in 2017/18 financial years respectively.

During the compilation of the draft 2015/2016 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. However the municipality cannot afford the 8% due to the budgetary constraints .Efforts will be made in future to align with the National treasury guidelines. The budgeted depreciation amount of R49.7 million still falls short of the 8% (R192million) of the net book value of assets requirement by national treasury. Inability to

cater adequately for repairs and maintenance limits leads to accelerated wear and tear of the municipal assets. In this view there needs to be an on-going vigilance to reduce costs and become more efficient to allow for the full funding of depreciation and debt impairment.

Table 12: Repairs and maintenance expenditure per asset classification:

GT482 Randfontein - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		–	**10,600**	**13,935**	**28,272**	**28,272**	**28,272**	**13,648**	**14,139**	**14,793**
Infrastructure - Road transport		–	2,551	2,754	10,554	10,554	10,554	6,311	6,614	6,932
Roads, Pavements & Bridges			2,052	1,411	7,430	7,430	7,430	4,213	4,416	4,628
Storm water			499	1,343	3,124	3,124	3,124	2,098	2,199	2,304
Infrastructure - Electricity		–	2,665	7,910	7,427	7,927	7,927	3,177	3,364	3,526
Generation				7,781		–	–			
Transmission & Reticulation			1,860		6,144	6,644	6,644	3,177	3,364	3,526
Street Lighting			805	129	1,283	1,283	1,283			
Infrastructure - Water		–	1,772	1,377	3,938	3,938	3,938	3,660	3,660	3,836
Reticulation			1,772	1,377	3,938	3,938	3,938	3,660	3,660	3,836
Infrastructure - Sanitation		–	1,801	580	2,231	2,231	2,231	500	500	500
Reticulation				453	1,688	1,688	1,688			
Sewerage purification			1,801	127	543	543	543	500	500	500
Infrastructure - Other		–	1,811	1,314	4,122	3,622	3,622	–	–	–
Waste Management			445	390	1,093	1,093	1,093	–	–	–
Other	3		1,366	924	3,030	2,530	2,530	–	–	–
Community		–	**1,404**	**1,639**	**4,382**	**4,519**	**4,519**	**421**	**441**	**462**
Parks & gardens			417	218	1,243	1,493	1,493	421	441	462
Community halls			73	246	530	330	330	–	–	–
Libraries			–	12	15	15	15	–	–	–
Recreational facilities			266	1,132	1,156	993	993	–	–	–
Fire, safety & emergency			–			–	–	–	–	–
Security and policing			61	25	157	157	157	–	–	–
Cemeteries			560	6	1,282	1,532	1,532	–	–	–
Social rental housing	8		–			–				
Heritage assets		–	–	–	65	65	65	–	–	–
Buildings					**65**	**65**	**65**			
Other	9									
Investment properties		–	–	–	–	–	–	–	–	–
Housing development										
Other										
Other assets		–	**178**	**199**	**734**	**734**	**734**	**850**	**900**	**943**
General vehicles			5	49						
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment			–	15	16	16	16	–	–	
Computers - hardware/equipment						–	–	–	–	–
Furniture and other office equipment			89	55	165	165	165	–	–	–
Civic Land and Buildings						–	–	–	–	–
Other Buildings			62	41	316	316	316	850	900	943
Other			23	39	237	237	237	–	–	–
Total Repairs and Maintenance Expenditure	1	–	**12,181**	**15,772**	**33,453**	**33,590**	**33,590**	**14,919**	**15,480**	**16,199**

1.3.2.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Randfontein Local Municipality Indigent Management Policy. The target is to register 8000 or more indigents households during the 2015/2016 financial year, a process reviewed annually. Detail relating to free services, cost of free basic services, revenue lost owing to
free basic services as well as basic service delivery measurement is contained in Table 23 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share of R95.6m receivable in terms of the annual Division of Revenue Bill.

1.4 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote.

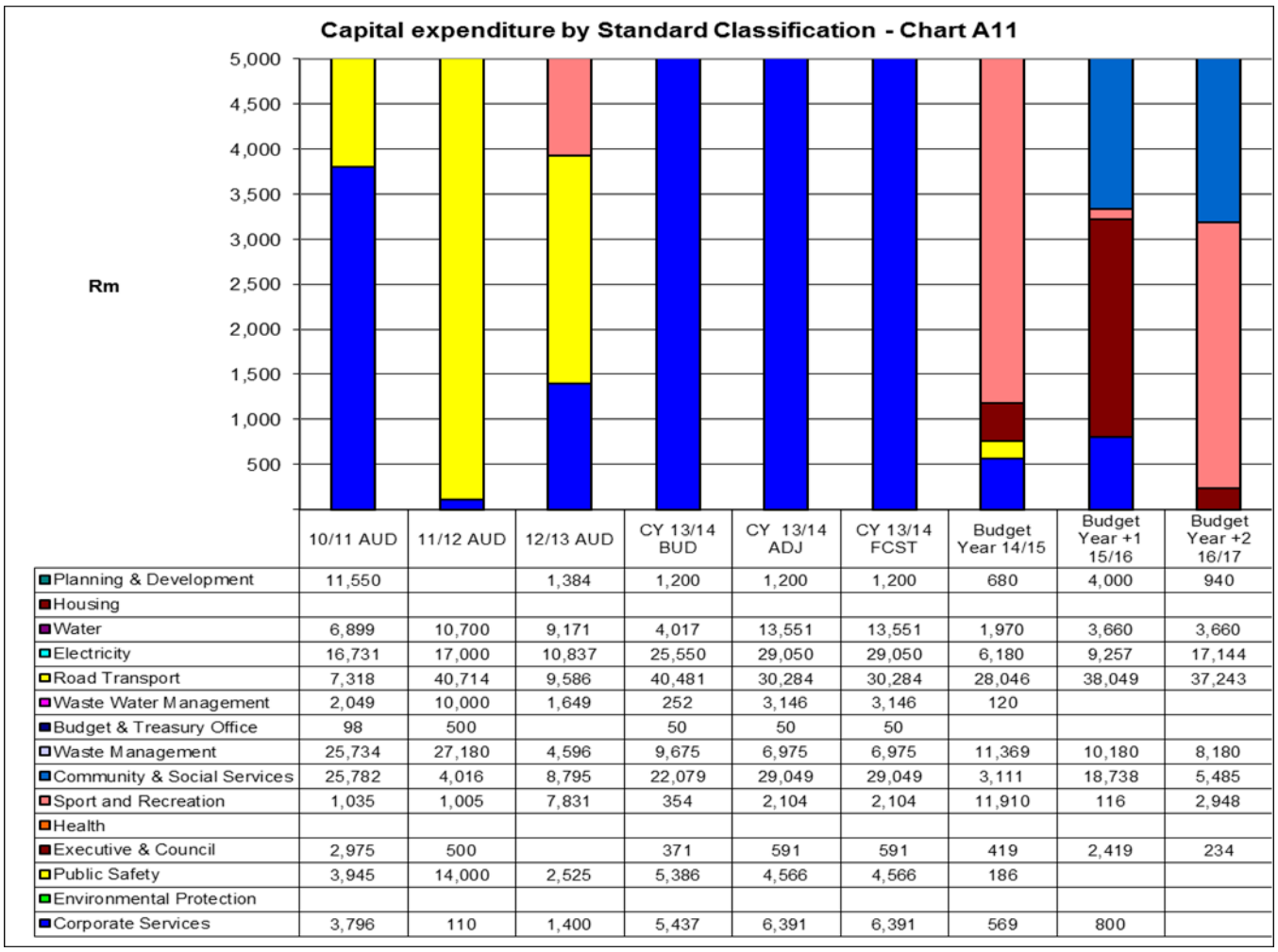
Table 13: CAPEX BY VOTE:

DRAFT CAPITAL BUDGET 2015-16 & MTREF				
DEPARTMENT	Adjustment Budget 2014/2015	2015/2016 DRAFT BUDGET	2016/2017 DRAFT BUDGET	2017/2018 DRAFT BUDGET
Corporte Services	1 642 551	15 310 000	15 310 000	15 310 000
Council and Executive	419 250	482 000	-	-
Infrastructure Services	74 826 628	80 929 477	66 134 903	70 751 571
Public Safety	210 931	425 000	-	-
Social Development	13 064 318	3 850 000	1 900 000	943 200
TOTAL BUDGET	**90 163 678**	**100 996 477**	**83 344 903**	**87 004 771**

Table 14: Capital expenditure by Standard Classification

GT482 Randfontein - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding											
Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure - Vote											
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Municipal Manager		–	–	–	–	–	–	–	–	–	–
Vote 2 - Council and Executive		–	–	371	419	419	419	419	482	–	–
Vote 3 - Financial Management		–	–	–	–	–	–	–	–	–	–
Vote 4 - Corporate Services		–	63	2,325	569	569	569	569	10,510	10,510	10,510
Vote 5 - Infrastructure		101,694	36,222	56,619	49,389	57,607	57,607	57,607	73,652	62,270	66,726
Vote 6 - Licensing and Traffic		14,000	2,520	2,996	186	186	186	186	–	–	–
Vote 7 - Development Planning		–	1,223	898	–	–	–	–	–	–	–
Vote 8 - Social Services		4,016	12,414	7,103	1,510	15,108	15,108	15,108	2,850	900	943
Capital multi-year expenditure sub-total	7	119,709	52,441	70,312	52,074	73,889	73,889	73,889	87,494	73,680	78,179
Single-year expenditure to be appropriated	2										
Vote 1 - Municipal Manager		1,002	–	15	–	–	–	–	–	–	–
Vote 2 - Council and Executive		–	–	–	–	–	–	–	–	–	–
Vote 3 - Financial Management		–	–	37	–	–	–	–	–	–	–
Vote 4 - Corporate Services		113	1,338	1,826	–	1,073	1,073	1,073	4,800	4,800	4,800
Vote 5 - Infrastructure		4,900	3,536	5,207	1,230	2,220	2,220	2,220	7,277	3,864	4,026
Vote 6 - Licensing and Traffic		–	5	658	–	25	25	25	425	–	–
Vote 7 - Development Planning		–	161	–	–	–	–	–	–	–	–
Vote 8 - Social Services		–	293	830	12,256	12,956	12,956	12,956	1,000	1,000	–
Capital single-year expenditure sub-total		**6,015**	**5,333**	**8,574**	**13,486**	**16,275**	**16,275**	**16,275**	**13,502**	**9,664**	**8,826**
Total Capital Expenditure - Vote		125,724	57,774	78,885	65,560	90,164	90,164	90,164	100,996	83,345	87,005
Capital Expenditure - Standard											
Governance and administration		1,110	1,400	4,620	989	1,982	1,982	1,982	16,792	16,310	15,310
Executive and council		500		386	419	339	339	339	482	–	–
Budget and treasury office		500		37		–					
Corporate services		**110**	**1,400**	**4,197**	**569**	**1,643**	**1,643**	**1,643**	**16,310**	**16,310**	**15,310**
Community and public safety		19,021	19,151	17,082	15,207	31,970	31,970	31,970	3,996	1,341	1,405
Community and social services		4,016	8,795	3,111	3,111	16,449	16,449	16,449	3,571	1,341	1,405
Sport and recreation		1,005	7,831	10,317	11,910	15,310	15,310	15,310	–	–	–
Public safety		14,000	2,525	3,655	186	211	211	211	425	–	–
Housing											
Health											
Economic and environmental services		40,714	10,970	11,283	29,726	32,127	32,127	32,127	41,072	42,670	44,928
Planning and development			1,384	898	680	680	680	680			
Road transport		40,714	9,586	10,385	29,046	31,447	31,447	31,447	41,072	42,670	44,928
Environmental protection											
Trading services		64,880	26,253	45,900	19,639	24,085	24,085	24,085	39,137	23,024	25,362
Electricity		17,000	10,837	26,244	6,180	11,180	11,180	11,180	34,477	18,364	20,526
Water		10,700	9,171	12,111	1,970	345	345	345	3,660	3,660	3,836
Waste water management		10,000	1,649	1,146	120	120	120	120			
Waste management		**27,180**	4,596	**6,398**	**11,369**	**12,439**	**12,439**	**12,439**	**1,000**	**1,000**	**1,000**
Other			**–**								
Total Capital Expenditure - Standard	3	**125,724**	**57,774**	**78,885**	**65,560**	**90,164**	**90,164**	**90,164**	**100,996**	**83,345**	**87,005**
Funded by:											
National Government		31,800	33,059	36,831	33,869	42,086	42,086	42,086	62,761	51,055	54,996
Provincial Government		4,016	978	2,319	456	10,975	10,975	10,975	2,000	–	–
District Municipality						–	–	–	–	–	–
Other transfers and grants						**3,400**	**3,400**	**3,400**	**–**	**–**	**–**
Transfers recognised - capital	4	35,816	34,037	39,150	34,325	56,460	56,460	56,460	64,761	51,055	54,996
Public contributions & donations	5	–									
Borrowing	6										
Internally generated funds		**89,909**	**23,737**	**39,736**	**31,235**	**33,703**	**33,703**	**33,703**	**36,236**	**32,290**	**32,009**
Total Capital Funding	7	**125,724**	**57,774**	**78,885**	**65,560**	**90,164**	**90,164**	**90,164**	**100,996**	**83,345**	**87,005**

Graph 6 : Capital Expenditure by Standard Classification.



	10/11 AUD	11/12 AUD	12/13 AUD	CY 13/14 BUD	CY 13/14 ADJ	CY 13/14 FCST	Budget Year 14/15	Budget Year +1 15/16	Budget Year +2 16/17
Planning & Development	11,550		1,384	1,200	1,200	1,200	680	4,000	940
Housing									
Water	6,899	10,700	9,171	4,017	13,551	13,551	1,970	3,660	3,660
Electricity	16,731	17,000	10,837	25,550	29,050	29,050	6,180	9,257	17,144
Road Transport	7,318	40,714	9,586	40,481	30,284	30,284	28,046	38,049	37,243
Waste Water Management	2,049	10,000	1,649	252	3,146	3,146	120		
Budget & Treasury Office	98	500		50	50	50			
Waste Management	25,734	27,180	4,596	9,675	6,975	6,975	11,369	10,180	8,180
Community & Social Services	25,782	4,016	8,795	22,079	29,049	29,049	3,111	18,738	5,485
Sport and Recreation	1,035	1,005	7,831	354	2,104	2,104	11,910	116	2,948
Health									
Executive & Council	2,975	500		371	591	591	419	2,419	234
Public Safety	3,945	14,000	2,525	5,386	4,566	4,566	186		
Environmental Protection									
Corporate Services	3,796	110	1,400	5,437	6,391	6,391	569	800	

In the 2015/2016 an amount of R 81 million has been appropriated for the development of infrastructure which represents 80% of the total capital budget. Transport and roads receives the highest allocation of R41million in 2015/2016, followed by Electricity infrastructure at R34million, Corporate Support Services at R16million, Water at R3.7million and Community and Social services at R4million.

Expenditure in new assets represent R53.6 million of the total capital budget while asset renewal equates to R47.4 million. Further detail relating to asset classes and proposed capital expenditure is contained in Table SA 34(a) and (b) and A9 (Asset Management) of the MBRR. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the salient projects to be undertaken over the medium-term includes amongst others, the following table provides a breakdown of the capital budget to be spent on infrastructure:

Table 15: Capital Budget per Infrastructure Type

GT482 Randfontein - Table A9 Asset Management										
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CAPITAL EXPENDITURE										
Total New Assets	1	**50,655**	**46,556**	**72,628**	**40,288**	**61,274**	**61,274**	**53,644**	**34,674**	**35,836**
Infrastructure - Road transport		1,031	8,827	5,273	9,500	10,902	10,902	–	–	–
Infrastructure - Electricity		1,200	7,474	20,740	3,180	8,180	8,180	33,877	18,364	20,526
Infrastructure - Water		1,000	8,486	9,858	–	–	–	–	–	–
Infrastructure - Sanitation		–	1,257	–	–	–	–	500	500	500
Infrastructure - Other		–	4,596	–	–	–	–	–	–	–
Infrastructure		*3,231*	*30,640*	*35,871*	*12,680*	*19,082*	*19,082*	*34,377*	*18,864*	*21,026*
Community		4,411	9,636	9,477	12,056	24,553	24,553	2,300	–	–
Other assets	6	43,013	6,280	27,280	15,551	17,639	17,639	16,967	15,810	14,810
Total Renewal of Existing Assets	2	**74,818**	**11,219**	**6,258**	**25,272**	**28,890**	**28,890**	**47,352**	**48,670**	**51,169**
Infrastructure - Road transport		–	5,416	743	18,189	19,989	19,989	41,072	42,670	44,928
Infrastructure - Electricity		14,480	–	2,695	3,000	3,000	3,000	–	–	–
Infrastructure - Water		2,900	2,044	1,035	1,583	–	–	3,660	3,660	3,836
Infrastructure - Sanitation		–	255	–	500	500	500	500	500	500
Infrastructure - Other		17,083	–	–	–	–	–	–	–	–
Infrastructure		*34,463*	*7,715*	*4,472*	*23,271*	*23,489*	*23,489*	*45,232*	*46,830*	*49,264*
Community		26,887	2,280	1,325	1,401	4,801	4,801	421	441	462
Investment properties		13,469	–	–	–	–	–	–	–	–
Other assets	6	–	1,223	461	600	600	600	1,700	1,400	1,443
Total Capital Expenditure	4									
Infrastructure - Road transport		1,031	14,243	6,015	27,689	30,890	30,890	41,072	42,670	44,928
Infrastructure - Electricity		15,680	7,474	23,434	6,180	11,180	11,180	33,877	18,364	20,526
Infrastructure - Water		3,900	10,530	10,894	1,583	–	–	3,660	3,660	3,836
Infrastructure - Sanitation		–	1,512	–	500	500	500	1,000	1,000	1,000
Infrastructure - Other		17,083	4,596	–	–	–	–	–	–	–
Infrastructure		*37,694*	*38,355*	*40,343*	*35,952*	*42,571*	*42,571*	*79,609*	*65,694*	*70,290*
Community		31,298	11,916	10,801	13,457	29,354	29,354	2,721	441	462
Investment properties		13,469	–	–	–	–	–	–	–	–
Other assets		43,013	7,503	27,740	16,151	18,239	18,239	18,667	17,210	16,253
TOTAL CAPITAL EXPENDITURE - Asset class	2	**125,474**	**57,774**	**78,885**	**65,560**	**90,164**	**90,164**	**100,996**	**83,345**	**87,005**
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		1,157,589	1,123,217	2,148,592	1,137,288	1,015,890	1,015,890	1,168,869	1,270,641	1,340,182
Infrastructure - Electricity		809,480	783,209	46,166	736,612	771,612	771,612	739,074	722,246	726,578
Infrastructure - Water		181,385	175,498	10,345	146,503	172,900	172,900	176,455	182,049	201,890
Infrastructure - Sanitation		259,919	251,483	14,824	227,760	247,760	247,760	222,066	214,664	207,508
Infrastructure - Other		32,944	31,875	1,879	31,403	31,403	31,403	32,376	31,245	30,285
Infrastructure		*2,441,318*	*2,365,282*	*2,221,805*	*2,279,565*	*2,239,565*	*2,239,565*	*2,338,840*	*2,420,844*	*2,506,444*
Community		176,319	176,319	176,319	169,282	209,282	209,282	172,853	174,193	175,598
Heritage assets					2,244	2,244	2,244	2,244	2,244	2,244
Investment properties		111,310	120,170	104,112	127,621	127,621	127,621	104,112	104,112	104,112
Other assets			5,810	–						
Agricultural Assets		2,195	2,244	–	612	612	612	–	–	–
0		1,780	972	754	2,923	2,923	2,923	754	2,923	2,923
0		36,603	37,038	37,993	39,334	39,334	39,334	39,105	39,105	39,105
TOTAL ASSET REGISTER SUMMARY - PPE (WD	5	**2,769,525**	**2,707,836**	**2,540,984**	**2,621,580**	**2,621,580**	**2,621,580**	**2,657,908**	**2,743,422**	**2,830,426**
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		116,606	104,804	100,854	109,256	103,989	103,989	107,333	110,947	116,991
Repairs and Maintenance by Asset Class	3	–	12,181	15,772	33,453	33,590	33,590	14,919	15,480	16,199
Infrastructure - Road transport		–	2,551	2,754	10,554	10,554	10,554	6,311	6,614	6,932
Infrastructure - Electricity		–	2,665	7,910	7,427	7,927	7,927	3,177	3,364	3,526
Infrastructure - Water		–	1,772	1,377	3,938	3,938	3,938	3,660	3,660	3,836
Infrastructure - Sanitation		–	1,801	580	2,231	2,231	2,231	500	500	500
Infrastructure - Other		–	1,811	1,314	4,122	3,622	3,622	–	–	–
Infrastructure		–	*10,600*	*13,935*	*28,272*	*28,272*	*28,272*	*13,648*	*14,139*	*14,793*
Community		–	1,404	1,639	4,382	4,519	4,519	421	441	462
Heritage assets		–	–	–	65	65	65	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	–	178	199	734	734	734	850	900	943
TOTAL EXPENDITURE OTHER ITEMS		**116,606**	**116,985**	**116,626**	**142,709**	**137,579**	**137,579**	**122,252**	**126,427**	**133,190**

1.5 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of *section 8 of the Municipal Budget and Reporting Regulations*. These tables set out the municipality's draft 2015/16 budget and MTREF as approved by Council. Each table is accompanied by explanatory notes on the facing page.

Table16: MBRR A1-Consolidated Budget Summary

GT482 Randfontein - Table A1 Budget Summary										
Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Financial Performance										
Property rates	**65,093**	77,851	74,975	112,732	112,732	112,732	112,732	119,831	126,299	132,993
Service charges	423,715	463,933	496,533	616,310	618,310	618,310	618,310	638,101	675,749	713,591
Investment revenue	1,333	3,471	2,339	1,508	1,808	1,808	1,808	135	142	150
Transfers recognised - operational	133,441	137,118	153,826	131,725	132,225	132,225	132,225	109,535	107,424	114,123
Other own revenue	55,466	50,500	38,715	77,544	43,312	43,312	43,312	68,417	72,327	76,276
Total Revenue (excluding capital transfers and contributions)	679,048	732,873	766,388	939,819	908,387	908,387	908,387	936,020	981,941	1,037,134
Employee costs	183,292	192,312	214,985	231,718	232,714	232,714	232,714	238,754	253,575	267,356
Remuneration of councillors	12,790	13,747	14,072	16,465	16,465	16,465	16,465	17,477	18,599	19,585
Depreciation & asset impairment	116,606	104,804	100,854	109,256	103,989	103,989	103,989	107,333	110,947	116,991
Finance charges	13,937	17,879	24,698	16,317	16,317	16,317	16,317	11,793	11,604	11,682
Materials and bulk purchases	271,455	292,648	329,572	339,767	339,767	339,767	339,767	377,291	399,552	421,926
Transfers and grants	400	420	420	420	420	420	420	630	642	677
Other expenditure	127,485	185,235	203,650	280,786	245,155	245,155	245,155	227,884	240,307	253,446
Total Expenditure	725,964	807,045	888,251	994,729	954,826	954,826	954,826	981,162	1,035,225	1,091,662
Surplus/(Deficit)	(46,916)	(74,172)	(121,862)	(54,910)	(46,439)	(46,439)	(46,439)	(45,143)	(53,284)	(54,528)
Transfers recognised - capital	–	–	–	–	–	–	–	–	–	–
Contributions recognised - capital & contributed as	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(46,916)	(74,172)	(121,862)	(54,910)	(46,439)	(46,439)	(46,439)	(45,143)	(53,284)	(54,528)
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(46,916)	(74,172)	(121,862)	(54,910)	(46,439)	(46,439)	(46,439)	(45,143)	(53,284)	(54,528)
Capital expenditure & funds sources										
Capital expenditure	**125,724**	57,774	78,885	65,560	90,164	90,164	90,164	100,996	83,345	87,005
Transfers recognised - capital	**35,816**	34,037	39,150	34,325	56,460	56,460	56,460	64,761	51,055	54,996
Public contributions & donations	**–**	–	–	–	–	–	–	–	–	–
Borrowing	**–**	–	–	–	–	–	–	–	–	–
Internally generated funds	**89,909**	23,737	39,736	31,235	33,703	33,703	33,703	36,236	32,290	32,009
Total sources of capital funds	**125,724**	57,774	78,885	65,560	90,164	90,164	90,164	100,996	83,345	87,005
Financial position										
Total current assets	**132,801**	131,341	128,435	130,544	124,094	124,094	124,094	130,624	132,181	144,433
Total non current assets	**2,780,802**	2,719,790	2,558,212	2,730,801	2,730,801	2,730,801	2,730,801	2,682,468	2,767,606	2,855,376
Total current liabilities	**224,662**	226,802	287,476	181,048	181,048	181,048	181,048	167,135	177,796	186,411
Total non current liabilities	**106,187**	88,415	95,773	88,719	88,719	88,719	88,719	72,103	73,605	77,874
Community wealth/Equity	**2,582,754**	2,535,914	2,303,398	2,591,578	2,585,128	2,585,128	2,585,128	2,573,854	2,648,387	2,735,523
Cash flows										
Net cash from (used) operating	**93,996**	143,653	79,987	74,729	87,825	87,825	87,825	115,341	91,836	96,484
Net cash from (used) investing	**(126,544)**	(68,766)	(50,756)	(57,083)	(80,949)	(80,949)	(80,949)	(117,650)	(95,879)	(99,828)
Net cash from (used) financing	**35,477**	(25,692)	(25,070)	(17,565)	(17,531)	(17,531)	(17,531)	661	1,588	1,416
Cash/cash equivalents at the year end	**246**	49,145	53,305	6,750	42,650	42,650	42,650	8,851	6,396	4,468
Cash backing/surplus reconciliation										
Cash and investments available	**9,328**	53,016	63,537	64,051	57,601	57,601	57,601	53,589	52,775	52,565
Application of cash and investments	**73,504**	110,321	169,694	(23,010)	(25,813)	(25,813)	(25,813)	47,119	52,937	48,101
Balance - surplus (shortfall)	**(64,176)**	(57,305)	(106,156)	87,061	83,414	83,414	83,414	6,470	(161)	4,463
Asset management										
Asset register summary (WDV)	**2,769,525**	2,707,836	2,540,984	2,621,580	2,621,580	2,621,580	2,657,908	2,657,908	2,743,422	2,830,426
Depreciation & asset impairment	**116,606**	104,804	100,854	109,256	103,989	103,989	107,333	107,333	110,947	116,991
Renewal of Existing Assets	**74,818**	11,219	6,258	25,272	28,890	28,890	28,890	47,352	48,670	51,169
Repairs and Maintenance	**–**	12,181	15,772	33,453	33,590	33,590	14,919	14,919	15,480	16,199
Free services										
Cost of Free Basic Services provided	**44,704**	44,704	52,000	52,000	52,000	52,000	1,713	1,713	1,842	1,899
Revenue cost of free services provided	**42,437**	42,437	60,000	60,000	60,000	60,000	41,153	41,153	43,056	45,438
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	1	1	1	1	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	78	78	9	9	9	9	–	–	–	–

Explanatory notes to MBRR Table A1 - Budget Summary

a. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance);

b. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs;

c. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard;

d. There is an operating deficit (after Total Expenditure) over the MTREF;

e. Capital expenditure is balanced by capital funding sources;

f. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget;

g. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. These places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2016/2017, when a small surplus is reflected; and

h. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the community and the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2015/16 the water backlog will have been very nearly eliminated.

Table 17: MBRR A-2 Consolidated Budget Financial Performance (Revenue and Expenditure by Standard Classification)

GT482 Randfontein - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)										
Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard										
Governance and administration		**185,707**	**198,271**	**211,891**	**200,753**	**201,321**	**201,321**	**209,019**	**215,305**	**227,209**
Executive and council		34,477	88,209	27,221	38,355	38,355	38,355	39,211	37,635	39,994
Budget and treasury office		149,889	109,408	183,028	156,293	156,761	156,761	163,338	170,859	180,026
Corporate services		1,342	654	1,643	6,106	6,206	6,206	6,470	6,812	7,189
Community and public safety		**28,503**	**13,822**	**6,874**	**9,421**	**9,421**	**9,421**	**8,163**	**8,601**	**9,079**
Community and social services		1,584	4,249	3,981	4,642	4,642	4,642	1,518	1,608	1,698
Sport and recreation		87	3,074	219	573	573	573	607	640	674
Public safety		20,389	6,499	1,141	3,484	3,484	3,484	5,316	5,629	5,945
Housing		288	–	–	–	–	–	–	–	–
Health		6,155	–	1,533	721	721	721	722	724	762
Economic and environmental services		**3,717**	**58,013**	**51,091**	**54,978**	**20,978**	**20,978**	**22,300**	**22,020**	**23,247**
Planning and development		3,717	2,029	10,097	7,598	5,398	5,398	5,857	4,606	4,859
Road transport		0	45,723	41,172	47,168	15,368	15,368	16,221	17,178	18,140
Environmental protection		–	10,260	(178)	212	212	212	223	236	249
Trading services		**461,121**	**462,767**	**496,533**	**674,666**	**676,666**	**676,666**	**696,538**	**736,015**	**777,598**
Electricity		311,466	328,863	358,518	441,403	443,403	443,403	493,129	521,477	550,849
Water		82,028	68,053	68,155	137,557	137,557	137,557	109,511	115,598	122,156
Waste water management		31,091	30,473	31,353	48,030	48,030	48,030	41,862	44,083	46,608
Waste management		36,535	35,378	38,506	47,677	47,677	47,677	52,035	54,856	57,984
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Standard	2	**679,048**	**732,873**	**766,388**	**939,819**	**908,387**	**908,387**	**936,020**	**981,941**	**1,037,134**
Expenditure - Standard										
Governance and administration		**146,922**	**411,465**	**223,674**	**215,442**	**217,845**	**217,845**	**217,636**	**229,274**	**241,186**
Executive and council		55,441	206,438	69,467	71,101	70,223	70,223	74,089	75,978	80,051
Budget and treasury office		44,662	188,895	115,961	77,513	81,333	81,333	76,139	81,856	85,723
Corporate services		46,819	16,131	38,246	66,828	66,290	66,290	67,409	71,440	75,411
Community and public safety		**75,199**	**30,560**	**62,559**	**74,379**	**81,037**	**81,037**	**79,502**	**83,834**	**88,380**
Community and social services		27,021	3,769	17,837	17,333	18,597	18,597	13,825	14,645	15,424
Sport and recreation		8,681	11,014	1,941	27,287	33,975	33,975	34,533	36,196	38,121
Public safety		30,505	12,948	41,744	28,710	27,810	27,810	27,810	29,451	31,100
Health		8,992	2,828	1,037	1,048	655	655	3,334	3,542	3,734
Economic and environmental services		**95,720**	**23,177**	**93,634**	**132,974**	**96,793**	**96,793**	**100,978**	**104,745**	**110,156**
Planning and development		21,299	7,430	19,582	31,227	35,653	35,653	35,177	36,684	38,384
Road transport		74,421	15,747	74,144	101,534	60,927	60,927	65,578	67,826	71,523
Environmental protection		–	–	(92)	212	212	212	223	236	249
Trading services		**420,271**	**341,844**	**508,383**	**571,934**	**559,151**	**559,151**	**583,046**	**617,372**	**651,940**
Electricity		277,589	256,047	312,748	386,958	383,618	383,618	396,333	419,717	443,221
Water		76,476	45,193	89,761	97,708	93,523	93,523	102,158	108,111	114,161
Waste water management		32,749	19,947	50,729	49,178	43,921	43,921	46,642	49,394	52,160
Waste management		33,458	20,657	55,145	38,090	38,090	38,090	37,914	40,150	42,399
Other	4	**(12,148)**	–	–	–	–	–	–	–	–
Total Expenditure - Standard	3	**725,964**	**807,045**	**888,251**	**994,729**	**954,826**	**954,826**	**981,162**	**1,035,225**	**1,091,662**
Surplus/(Deficit) for the year		**(46,916)**	**(74,172)**	**(121,862)**	**(54,910)**	**(46,439)**	**(46,439)**	**(45,143)**	**(53,284)**	**(54,528)**

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

a. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile „whole of government" reports;

b. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure; and

c. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 18: MBRR A-3 Consolidated Budgeted Financial Performance By Municipal Vote.

GT482 Randfontein - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote	1									
Vote 1 - Municipal Manager		2,214	1,987	–	–	–	–	750	–	–
Vote 2 - Council and Executive		35,769	92,992	27,221	38,355	38,355	38,355	38,461	37,635	39,994
Vote 3 - Financial Management		122,539	102,973	183,027	156,297	156,765	156,765	163,338	170,859	180,026
Vote 4 - Corporate Services		2,777	671	302	3,542	3,542	3,542	3,712	3,931	4,151
Vote 5 - Infrastructure		475,671	498,101	500,070	679,201	681,201	681,201	700,038	739,682	781,466
Vote 6 - Licensing and Traffic		21,956	27,607	42,301	50,640	18,840	18,840	21,524	22,794	24,071
Vote 7 - Development Planning		8,843	6,794	8,922	8,392	6,292	6,292	6,791	5,596	5,903
Vote 8 - Social Services		9,280	1,748	4,545	3,392	3,392	3,392	1,406	1,445	1,523
Total Revenue by Vote	2	**679,048**	**732,873**	**766,388**	**939,819**	**908,387**	**908,387**	**936,020**	**981,941**	**1,037,134**
Expenditure by Vote to be appropriated	1									
Vote 1 - Municipal Manager		16,185	31,038	7,515	11,645	11,345	11,345	11,877	11,838	12,471
Vote 2 - Council and Executive		57,277	96,264	52,248	59,456	58,878	58,878	62,212	64,140	67,580
Vote 3 - Financial Management		58,392	102,895	115,675	77,513	82,453	82,453	76,139	81,856	85,723
Vote 4 - Corporate Services		36,236	24,525	33,253	47,364	47,564	47,564	46,948	49,718	52,502
Vote 5 - Infrastructure		458,947	489,230	595,833	663,997	642,042	642,042	671,767	709,473	748,735
Vote 6 - Licensing and Traffic		39,979	20,272	57,359	74,198	41,188	41,188	42,091	44,574	47,070
Vote 7 - Development Planning		29,909	18,011	20,519	26,681	31,107	31,107	30,717	32,258	33,990
Vote 8 - Social Services		29,040	24,811	5,849	33,876	40,250	40,250	39,412	41,369	43,591
Total Expenditure by Vote	2	**725,964**	**807,045**	**888,251**	**994,729**	**954,826**	**954,826**	**981,162**	**1,035,225**	**1,091,662**
Surplus/(Deficit) for the year	2	**(46,916)**	**(74,172)**	**(121,862)**	**(54,910)**	**(46,439)**	**(46,439)**	**(45,143)**	**(53,284)**	**(54,528)**

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

a. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Randfontein Local Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 19: MBRR A-4 Consolidated Budgeted Financial Performance (Revenue and Expenditure by type)

GT482 Randfontein - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source											
Property rates	2	65,093	77,851	74,975	112,732	112,732	112,732	112,732	119,831	126,299	132,993
Property rates - penalties & collection charges		–	–								
Service charges - electricity revenue	2	297,163	322,928	358,518	411,572	413,572	413,572	413,572	461,784	489,029	516,415
Service charges - water revenue	2	72,513	68,053	68,155	124,661	124,661	124,661	124,661	97,197	102,932	108,696
Service charges - sanitation revenue	2	25,181	30,473	31,085	39,445	39,445	39,445	39,445	33,667	35,653	37,650
Service charges - refuse revenue	2	27,795	35,378	38,506	38,958	38,958	38,958	38,958	43,699	46,277	48,868
Service charges - other		1,063	7,100	268	1,675	1,675	1,675	1,675	1,755	1,858	1,963
Rental of facilities and equipment		1,746	1,987	1,963	2,533	2,533	2,533	2,533	2,932	3,095	3,261
Interest earned - external investments		1,333	3,471	2,339	1,508	1,808	1,808	1,808	135	142	150
Interest earned - outstanding debtors		1,964	8,475	12,864	8,496	8,496	8,496	8,496	10,779	11,372	11,974
Dividends received		–							–	–	–
Fines		7,258	6,447	5,210	4,006	4,006	4,006	4,006	8,349	8,842	9,337
Licences and permits		69	57	26	86	86	86	86	90	95	101
Agency services		13,542	15,885	13,562	48,852	16,992	16,992	16,992	17,986	19,047	20,114
Transfers recognised - operational		133,441	137,118	153,826	131,725	132,225	132,225	132,225	109,535	107,424	114,123
Other revenue	2	30,886	17,649	5,090	13,571	11,199	11,199	11,199	28,282	29,876	31,490
Gains on disposal of PPE									–	–	–
Total Revenue (excluding capital transfers and contributions)		**679,048**	**732,873**	**766,388**	**939,819**	**908,387**	**908,387**	**908,387**	**936,020**	**981,941**	**1,037,134**
Expenditure By Type											
Employee related costs	2	183,292	192,312	214,985	231,718	232,714	232,714	232,714	238,754	253,575	267,356
Remuneration of councillors		12,790	13,747	14,072	16,465	16,465	16,465	16,465	17,477	18,599	19,585
Debt impairment	3	–	36,128	39,316	33,910	33,910	33,910	33,910	24,410	29,551	31,176
Depreciation & asset impairment	2	116,606	104,804	100,854	109,256	103,989	103,989	103,989	107,333	110,947	116,991
Finance charges		13,937	17,879	24,698	16,317	16,317	16,317	16,317	11,793	11,604	11,682
Bulk purchases	2	271,455	292,648	329,572	339,767	339,767	339,767	339,767	377,291	399,552	421,926
Other materials	8	–	–						–	–	–
Contracted services		25,748	27,975	24,897	28,899	28,899	28,899	28,899	29,710	31,463	33,225
Transfers and grants		400	420	420	420	420	420	420	630	642	677
Other expenditure	4, 5	101,737	121,133	139,437	217,977	182,345	182,345	182,345	173,764	179,293	189,045
Loss on disposal of PPE		–	–								
Total Expenditure		**725,964**	**807,045**	**888,251**	**994,729**	**954,826**	**954,826**	**954,826**	**981,162**	**1,035,225**	**1,091,662**
Surplus/(Deficit)		**(46,916)**	**(74,172)**	**(121,862)**	**(54,910)**	**(46,439)**	**(46,439)**	**(46,439)**	**(45,143)**	**(53,284)**	**(54,528)**
Transfers recognised - capital			–								
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		**(46,916)**	**(74,172)**	**(121,862)**	**(54,910)**	**(46,439)**	**(46,439)**	**(46,439)**	**(45,143)**	**(53,284)**	**(54,528)**
Taxation											
Surplus/(Deficit) after taxation		**(46,916)**	**(74,172)**	**(121,862)**	**(54,910)**	**(46,439)**	**(46,439)**	**(46,439)**	**(45,143)**	**(53,284)**	**(54,528)**
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		**(46,916)**	**(74,172)**	**(121,862)**	**(54,910)**	**(46,439)**	**(46,439)**	**(46,439)**	**(45,143)**	**(53,284)**	**(54,528)**
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		**(46,916)**	**(74,172)**	**(121,862)**	**(54,910)**	**(46,439)**	**(46,439)**	**(46,439)**	**(45,143)**	**(53,284)**	**(54,528)**

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

a. Total revenue is R936million in 2015/2016 and escalates to R982 million and R1, 037 billion respectively. This represents a year-on-year increase of 5.9 per cent for the 2016/2017 financial year and 5.6 per cent for the 2017/2018 financial year;

b. Revenue to be generated from property rates is R119,8 million for 2015/2016 which represents 13% of the operating revenue base of the municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term;

 Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R636 million for the 2015/2016 financial year and increasing to R674 million and R712 million by 2016/2017 and 2017/2018 respectively. Service charges increased by an overall 3% in 2015/16 compared to the 2014/2015 financial year . The net increase of 3% is due to other service charges like water that have been revised downwards by 22% compared to the previous financial year. The reduction is due to actual billing trend in 2013/14 and 2014/15 financial years; and

c. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government

Table 20: MBRR A5 Consolidated Budgeted Capital Expenditure by Vote

GT482 Randfontein - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding											
Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - Municipal Manager		–	–	–	–	–	–	–	–	–	–
Vote 2 - Council and Excecutive		–	–	371	419	419	419	419	482	–	–
Vote 3 - Financial Management		–	–	–	–	–	–	–	–	–	–
Vote 4 - Corporate Services		–	63	2,325	569	569	569	569	10,510	10,510	10,510
Vote 5 - Infrastructure		101,694	36,222	56,619	49,389	57,607	57,607	57,607	73,652	62,270	66,726
Vote 6 - Licensing and Traffic		14,000	2,520	2,996	186	186	186	186	–	–	–
Vote 7 - Development Planning		–	1,223	898	–	–	–	–	–	–	–
Vote 8 - Social Services		4,016	12,414	7,103	1,510	15,108	15,108	15,108	2,850	900	943
Capital multi-year expenditure sub-total	7	**119,709**	**52,441**	**70,312**	**52,074**	**73,889**	**73,889**	**73,889**	**87,494**	**73,680**	**78,179**
Single-year expenditure *to be appropriated*	2										
Vote 1 - Municipal Manager		1,002	–	15	–	–	–	–	–	–	–
Vote 2 - Council and Excecutive		–	–	–	–	–	–	–	–	–	–
Vote 3 - Financial Management		–	–	37	–	–	–	–	–	–	–
Vote 4 - Corporate Services		113	1,338	1,826	–	1,073	1,073	1,073	4,800	4,800	4,800
Vote 5 - Infrastructure		4,900	3,536	5,207	1,230	2,220	2,220	2,220	7,277	3,864	4,026
Vote 6 - Licensing and Traffic		–	5	658	–	25	25	25	425	–	–
Vote 7 - Development Planning		–	161	–	–	–	–	–	–	–	–
Vote 8 - Social Services		–	293	830	12,256	12,956	12,956	12,956	1,000	1,000	–
Capital single-year expenditure sub-total		**6,015**	**5,333**	**8,574**	**13,486**	**16,275**	**16,275**	**16,275**	**13,502**	**9,664**	**8,826**
Total Capital Expenditure - Vote		**125,724**	**57,774**	**78,885**	**65,560**	**90,164**	**90,164**	**90,164**	**100,996**	**83,345**	**87,005**

Table 20: MBRR A5 Consolidated Budgeted Capital Expenditure by Vote (cont.)

GT482 Randfontein - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding											
Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital Expenditure - Standard											
Governance and administration		1,110	1,400	4,620	989	1,982	1,982	1,982	16,792	16,310	15,310
Executive and council		500		386	419	339	339	339	482	–	–
Budget and treasury office		500		37		–					
Corporate services		110	1,400	4,197	569	1,643	1,643	1,643	16,310	16,310	15,310
Community and public safety		19,021	19,151	17,082	15,207	31,970	31,970	31,970	3,996	1,341	1,405
Community and social services		4,016	8,795	3,111	3,111	16,449	16,449	16,449	3,571	1,341	1,405
Sport and recreation		1,005	7,831	10,317	11,910	15,310	15,310	15,310	–	–	–
Public safety		14,000	2,525	3,655	186	211	211	211	425	–	–
Housing											
Health											
Economic and environmental services		40,714	10,970	11,283	29,726	32,127	32,127	32,127	41,072	42,670	44,928
Planning and development			1,384	898	680	680	680	680			
Road transport		40,714	9,586	10,385	29,046	31,447	31,447	31,447	41,072	42,670	44,928
Environmental protection											
Trading services		64,880	26,253	45,900	19,639	24,085	24,085	24,085	39,137	23,024	25,362
Electricity		17,000	10,837	26,244	6,180	11,180	11,180	11,180	34,477	18,364	20,526
Water		10,700	9,171	12,111	1,970	345	345	345	3,660	3,660	3,836
Waste water management		10,000	1,649	1,146	120	120	120	120			
Waste management		27,180	4,596	6,398	11,369	12,439	12,439	12,439	1,000	1,000	1,000
Other			–								
Total Capital Expenditure - Standard	3	125,724	57,774	78,885	65,560	90,164	90,164	90,164	100,996	83,345	87,005
Funded by:											
National Government		31,800	33,059	36,831	33,869	42,086	42,086	42,086	62,761	51,055	54,996
Provincial Government		4,016	978	2,319	456	10,975	10,975	10,975	2,000	–	–
District Municipality						–	–	–	–	–	–
Other transfers and grants						3,400	3,400	3,400	–	–	–
Transfers recognised - capital	4	35,816	34,037	39,150	34,325	56,460	56,460	56,460	64,761	51,055	54,996
Public contributions & donations	5	–									
Borrowing	6										
Internally generated funds		89,909	23,737	39,736	31,235	33,703	33,703	33,703	36,236	32,290	32,009
Total Capital Funding	7	125,724	57,774	78,885	65,560	90,164	90,164	90,164	100,996	83,345	87,005

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

a. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

b. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2015/2016 R13 million has been allocated to single year appropriations and R87 million has been allocated to multi-year appropriations.

c. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

d. The capital programme is funded from capital and provincial grants and transfers, and internally generated funds from current year surpluses. For 2015/2016, capital transfers totals R64.5 million and R51 million and R55 million has been provided for the two outer years.

Table 21:MBRR A6 consolidated Budgeted Fiancial Position

GT482 Randfontein - Table A6 Budgeted Financial Position											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
ASSETS											
Current assets											
Cash		246	54,425	53,305	6,750	42,650	42,650	42,650	8,851	6,396	4,468
Call investment deposits	1	–	–	–	–	–	–	–	–	–	–
Consumer debtors	1	–	–	–	–	–	–	–	–	–	–
Other debtors		1,791		4,407	10,046	10,046	10,046	10,046	10,896	11,746	12,596
Current portion of long-term receivables		–	22,246	1,608	23,625	23,625	23,625	23,625	24,759	25,947	27,193
Inventory	2	7,122	8,028	5,407	8,525	8,525	8,525	8,525	5,047	5,289	5,543
Total current assets		**9,158**	**84,698**	**64,726**	**48,947**	**84,847**	**84,847**	**84,847**	**49,553**	**49,378**	**49,800**
Non current assets											
Long-term receivables				5,175	93,658	93,658	93,658	93,658	11,822	11,341	11,999
Investments		9,082		10,232	14,951	14,951	14,951	14,951	12,738	12,843	12,951
Investment property		111,310	120,170	104,112	127,621	127,621	127,621	127,621	104,112	104,112	104,112
Investment in Associate											
Property, plant and equipment	3	–	–	–	–	–	–	–	–	–	–
Agricultural		2,195	2,244		612	612	612	612	–	–	–
Biological		1,780	972	754	2,923	2,923	2,923	2,923	754	2,923	2,923
Intangible		36,603	37,038	37,993	39,334	39,334	39,334	39,334	39,105	39,105	39,105
Other non-current assets		–	9,710	1,821		–	–	–			
Total non current assets		**160,970**	**170,134**	**160,088**	**279,098**	**279,098**	**279,098**	**279,098**	**168,532**	**170,324**	**171,089**
TOTAL ASSETS		**170,128**	**254,833**	**224,814**	**328,045**	**363,945**	**363,945**	**363,945**	**218,085**	**219,703**	**220,890**
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	1,408								
Borrowing	4	–	–	–	–	–	–	–	–	–	–
Consumer deposits		24,329	26,069	21,910	27,685	27,685	27,685	27,685	32,723	36,516	40,492
Trade and other payables	4	–	–	–	–	–	–	–	–	–	–
Provisions		2,926	3,713	1,245	16,954	16,954	16,954	16,954	17,937	18,978	20,078
Total current liabilities		**27,256**	**31,190**	**23,156**	**44,639**	**44,639**	**44,639**	**44,639**	**50,660**	**55,494**	**60,570**
Non current liabilities											
Borrowing		–	–	–	–	–	–	–	–	–	–
Provisions		–	–	–	–	–	–	–	–	–	–
Total non current liabilities		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL LIABILITIES		**27,256**	**31,190**	**23,156**	**44,639**	**44,639**	**44,639**	**44,639**	**50,660**	**55,494**	**60,570**
NET ASSETS	5	**142,873**	**223,642**	**201,658**	**283,406**	**319,306**	**319,306**	**319,306**	**167,425**	**164,209**	**160,320**
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		2,582,754	2,535,914	2,301,843	2,585,227	2,578,777	2,578,777	2,578,777	2,572,299	2,646,832	2,733,968
Reserves	4	–	–	–	–	–	–	–	–	–	–
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	**2,582,754**	**2,535,914**	**2,301,843**	**2,585,227**	**2,578,777**	**2,578,777**	**2,578,777**	**2,572,299**	**2,646,832**	**2,733,968**

Explanatory notes to Table A6 - Budgeted Financial Position

a. Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet);

b. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

c. This is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:

- Call investments deposits;
- Consumer debtors;
- Property, plant and equipment;
- Trade and other payables;
- Provisions non-current;
- Changes in net assets; and
- Reserves

d. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

e. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 22: MBRR A7 Consolidated Budgeted Cash Flow

GT482 Randfontein - Table A7 Budgeted Cash Flows											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		498,323	641,184	578,411	725,660	690,971	690,971	690,971	107,848	113,670	119,694
Service charges					131,725	132,225	132,225	132,225	618,958	643,638	679,681
Other revenue		34,050	–	120,792	34,325	48,060	48,060	48,060	49,713	54,063	53,879
Government - operating	1	138,223	149,213	2,339	8,071	8,371	8,371	8,371	109,535	107,424	114,123
Government - capital	1	–	–						64,590	52,953	56,996
Interest		1,333	3,471						10,640	11,230	11,825
Dividends									–	–	–
Payments											
Suppliers and employees		(570,933)	(635,415)	(598,296)	(808,315)	(775,066)	(775,066)	(775,066)	(833,521)	(878,895)	(927,355)
Finance charges		(7,000)	(14,381)	(22,840)	(16,317)	(16,317)	(16,317)	(16,317)	(11,793)	(11,604)	(11,682)
Transfers and Grants	1		(420)	(420)	(420)	(420)	(420)	(420)	(630)	(642)	(677)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**93,996**	**143,653**	**79,987**	**74,729**	**87,825**	**87,825**	**87,825**	**115,341**	**91,836**	**96,484**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		2,649	1,239	2,551	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors		(3,468)			(5,468)	(5,468)	(5,468)	(5,468)	(13,823)	(10,019)	(10,220)
Decrease (increase) other non-current receivables			(29,208)	(5,959)		–	–	–	(1,082)	(682)	(682)
Decrease (increase) in non-current investments			(628)	(522)	1,041	1,041	1,041	1,041	(1,749)	(1,833)	(1,921)
Payments											
Capital assets		(125,724)	(40,169)	(46,826)	(52,656)	(76,522)	(76,522)	(76,522)	(100,996)	(83,345)	(87,005)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(126,544)**	**(68,766)**	**(50,756)**	**(57,083)**	**(80,949)**	**(80,949)**	**(80,949)**	**(117,650)**	**(95,879)**	**(99,828)**
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing		–	–						–	–	–
Increase (decrease) in consumer deposits		36,518	–		1,616	1,650	1,650	1,650	2,563	3,793	3,975
Payments											
Repayment of borrowing		(1,041)	(25,692)	(25,070)	(19,181)	(19,181)	(19,181)	(19,181)	(1,902)	(2,205)	(2,559)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**35,477**	**(25,692)**	**(25,070)**	**(17,565)**	**(17,531)**	**(17,531)**	**(17,531)**	**661**	**1,588**	**1,416**
NET INCREASE/ (DECREASE) IN CASH HELD		**2,929**	**49,195**	**4,160**	**81**	**(10,655)**	**(10,655)**	**(10,655)**	**(1,649)**	**(2,455)**	**(1,928)**
Cash/cash equivalents at the year begin:	2	**(2,683)**	**(50)**	**49,144**	**6,669**	**53,305**	**53,305**	**53,305**	**10,500**	**8,851**	**6,396**
Cash/cash equivalents at the year end:	2	**246**	**49,145**	**53,305**	**6,750**	**42,650**	**42,650**	**42,650**	**8,851**	**6,396**	**4,468**

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

a. The budgeted cash flow statement is the first measurement in determining if the budget is funded.

b. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

c. The approved draft 2015/2016 MTREF provide for a further net decrease in cash of R1,6million for the 2015/2016 financial year resulting in an overall projected positive cash position of R8.9 million at year end;

d. As part of the 2014/2015 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities;

e. The draft 2015/2016 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term; and.

f. Cash and cash equivalents totals R8.9million as at the end of the 2015/2016 financial year and escalates to R6.4 million by 2016/2017 and R4.5million in the 2017/18.

Table 23: MBRR A8 Consolidated Cash Backed Accumulated Surplus Reconciliation

GT482 Randfontein - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash and investments available											
Cash/cash equivalents at the year end	1	246	49,145	53,305	6,750	42,650	42,650	42,650	8,851	6,396	4,468
Other current investments > 90 days		0	3,871	–	42,350	–	–	–	–	–	–
Non current assets - Investments	1	9,082	–	10,232	14,951	14,951	14,951	14,951	12,738	12,843	12,951
Cash and investments available:		**9,328**	**53,016**	**63,537**	**64,051**	**57,601**	**57,601**	**57,601**	**21,589**	**19,239**	**17,419**
Application of cash and investments											
Unspent conditional transfers		33,824	45,830	–	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2										
Other working capital requirements	3	39,679	64,491	169,694	(23,010)	(25,813)	(25,813)	(25,813)	47,119	52,937	48,101
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		**73,504**	**110,321**	**169,694**	**(23,010)**	**(25,813)**	**(25,813)**	**(25,813)**	**47,119**	**52,937**	**48,101**
Surplus(shortfall)		**(64,176)**	**(57,305)**	**(106,156)**	**87,061**	**83,414**	**83,414**	**83,414**	**(25,530)**	**(33,697)**	**(30,683)**

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

a. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of *MFMA Circular 42* – Funding a Municipal Budget.

b. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

c. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

d. Non-compliance with *section 18 of the MFMA* is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

- Considering the requirements of *section 18 of the MFMA*, it can be concluded that the adopted draft 2015/16 MTREF was not funded owing to the significant deficit.

- As part of the budgeting and planning guidelines that informed the compilation of the draft 2015/2016 MTREF the end objective of the medium-term framework was to ensure the budget is fully funded.

Table 24: MBRR A9 Consolidated Asset Measurement

GT482 Randfontein - Table A9 Asset Management

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CAPITAL EXPENDITURE										
Total New Assets	1	**50,655**	**46,556**	**72,628**	**40,288**	**61,274**	**61,274**	**53,644**	**34,674**	**35,836**
Infrastructure - Road transport		1,031	8,827	5,273	9,500	10,902	10,902	–	–	–
Infrastructure - Electricity		1,200	7,474	20,740	3,180	8,180	8,180	33,877	18,364	20,526
Infrastructure - Water		1,000	8,486	9,858	–	–	–	–	–	–
Infrastructure - Sanitation		–	1,257	–	–	–	–	500	500	500
Infrastructure - Other		–	4,596	–	–	–	–	–	–	–
Infrastructure		*3,231*	*30,640*	*35,871*	*12,680*	*19,082*	*19,082*	*34,377*	*18,864*	*21,026*
Community		4,411	9,636	9,477	12,056	24,553	24,553	2,300	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	43,013	6,280	27,280	15,551	17,639	17,639	16,967	15,810	14,810
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	**74,818**	**11,219**	**6,258**	**25,272**	**28,890**	**28,890**	**47,352**	**48,670**	**51,169**
Infrastructure - Road transport		–	5,416	743	18,189	19,989	19,989	41,072	42,670	44,928
Infrastructure - Electricity		14,480	–	2,695	3,000	3,000	3,000	–	–	–
Infrastructure - Water		2,900	2,044	1,035	1,583	–	–	3,660	3,660	3,836
Infrastructure - Sanitation		–	255	–	500	500	500	500	500	500
Infrastructure - Other		17,083	–	–	–	–	–	–	–	–
Infrastructure		*34,463*	*7,715*	*4,472*	*23,271*	*23,489*	*23,489*	*45,232*	*46,830*	*49,264*
Community		26,887	2,280	1,325	1,401	4,801	4,801	421	441	462
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		13,469	–	–	–	–	–	–	–	–
Other assets	6	–	1,223	461	600	600	600	1,700	1,400	1,443
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4									
Infrastructure - Road transport		1,031	14,243	6,015	27,689	30,890	30,890	41,072	42,670	44,928
Infrastructure - Electricity		15,680	7,474	23,434	6,180	11,180	11,180	33,877	18,364	20,526
Infrastructure - Water		3,900	10,530	10,894	1,583	–	–	3,660	3,660	3,836
Infrastructure - Sanitation		–	1,512	–	500	500	500	1,000	1,000	1,000
Infrastructure - Other		17,083	4,596	–	–	–	–	–	–	–
Infrastructure		*37,694*	*38,355*	*40,343*	*35,952*	*42,571*	*42,571*	*79,609*	*65,694*	*70,290*
Community		31,298	11,916	10,801	13,457	29,354	29,354	2,721	441	462
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		13,469	–	–	–	–	–	–	–	–
Other assets		43,013	7,503	27,740	16,151	18,239	18,239	18,667	17,210	16,253
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	2	**125,474**	**57,774**	**78,885**	**65,560**	**90,164**	**90,164**	**100,996**	**83,345**	**87,005**

Table 24: MBRR A9 Consolidated Asset Measurement (Cont…)

GT482 Randfontein - Table A9 Asset Management										
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		1,157,589	1,123,217	2,148,592	1,137,288	1,015,890	1,015,890	1,168,869	1,270,641	1,340,182
Infrastructure - Electricity		809,480	783,209	46,166	736,612	771,612	771,612	739,074	722,246	726,578
Infrastructure - Water		181,385	175,498	10,345	146,503	172,900	172,900	176,455	182,049	201,890
Infrastructure - Sanitation		259,919	251,483	14,824	227,760	247,760	247,760	222,066	214,664	207,508
Infrastructure - Other		32,944	31,875	1,879	31,403	31,403	31,403	32,376	31,245	30,285
Infrastructure		*2,441,318*	*2,365,282*	*2,221,805*	*2,279,565*	*2,239,565*	*2,239,565*	*2,338,840*	*2,420,844*	*2,506,444*
Community		176,319	176,319	176,319	169,282	209,282	209,282	172,853	174,193	175,598
Heritage assets					2,244	2,244	2,244	2,244	2,244	2,244
Investment properties		111,310	120,170	104,112	127,621	127,621	127,621	104,112	104,112	104,112
Other assets			5,810	–						
Agricultural Assets		2,195	2,244	–	612	612	612	–	–	–
Biological assets		1,780	972	754	2,923	2,923	2,923	754	2,923	2,923
Intangibles		36,603	37,038	37,993	39,334	39,334	39,334	39,105	39,105	39,105
TOTAL ASSET REGISTER SUMMARY - PPE (WDV	5	**2,769,525**	**2,707,836**	**2,540,984**	**2,621,580**	**2,621,580**	**2,621,580**	**2,657,908**	**2,743,422**	**2,830,426**
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		116,606	104,804	100,854	109,256	103,989	103,989	107,333	110,947	116,991
Repairs and Maintenance by Asset Class	3	–	12,181	15,772	33,453	33,590	33,590	14,919	15,480	16,199
Infrastructure - Road transport		–	2,551	2,754	10,554	10,554	10,554	6,311	6,614	6,932
Infrastructure - Electricity		–	2,665	7,910	7,427	7,927	7,927	3,177	3,364	3,526
Infrastructure - Water		–	1,772	1,377	3,938	3,938	3,938	3,660	3,660	3,836
Infrastructure - Sanitation		–	1,801	580	2,231	2,231	2,231	500	500	500
Infrastructure - Other		–	1,811	1,314	4,122	3,622	3,622	–	–	–
Infrastructure		–	*10,600*	*13,935*	*28,272*	*28,272*	*28,272*	*13,648*	*14,139*	*14,793*
Community		–	1,404	1,639	4,382	4,519	4,519	421	441	462
Heritage assets		–	–	–	65	65	65	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	–	178	199	734	734	734	850	900	943
TOTAL EXPENDITURE OTHER ITEMS		**116,606**	**116,985**	**116,626**	**142,709**	**137,579**	**137,579**	**122,252**	**126,427**	**133,190**

Explanatory notes to Table A9 - Asset Management

Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

Table 25: MBRR consolidated Basic Service Delivery Measurement

GT482 Randfontein - Table A10 Basic service delivery measurement										
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets	1									
Water:										
Piped water inside dwelling		27,106	27,106	28,512	29,547	29,547	29,547	35,299	35,299	35,299
Piped water inside yard (but not in dwelling)		4,542	4,542					–	–	–
Using public tap (at least min.service level)	2							–	–	–
Other water supply (at least min.service level)	4							5,160	5,160	5,160
Minimum Service Level and Above sub-total		31,648	31,648	28,512	29,547	29,547	29,547	40,459	40,459	40,459
Using public tap (< min.service level)	3							–	–	–
Other water supply (< min.service level)	4							–	–	–
No water supply								–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**31,648**	**31,648**	**28,512**	**29,547**	**29,547**	**29,547**	**40,459**	**40,459**	**40,459**
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		27,106	27,106	34,347	38,144	38,144	38,144	35,299	35,299	35,299
Flush toilet (with septic tank)		4,542	4,542	2,384	2,476	2,476	2,476	–	–	–
Chemical toilet				122	122	122	122	–	–	–
Pit toilet (ventilated)				642	642	642	642	–	–	–
Other toilet provisions (> min.service level)				4,893	4,893	4,893	4,893	35,299	35,299	35,299
Infrastructure - Other		31,648	31,648	42,388	46,277	46,277	46,277	70,598	70,598	70,598
Bucket toilet				241	241	241	241	–	–	–
Other toilet provisions (< min.service level)				189	189	189	189	–	–	–
No toilet provisions				481	481	481	481	–	–	–
Investment properties		–	–	911	911	911	911	–	–	–
Other assets	6	**31,648**	**31,648**	**43,299**	**47,188**	**47,188**	**47,188**	**70,598**	**70,598**	**70,598**
Energy:										
Electricity (at least min.service level)		31,648	31,648	36,588	36,588	36,588	36,588	19,926	19,926	19,926
Electricity - prepaid (min.service level)								23,578	23,578	23,578
Infrastructure - Other		31,648	31,648	36,588	36,588	36,588	36,588	43,504	43,504	43,504
Electricity (< min.service level)								–	–	–
Electricity - prepaid (< min. service level)								–	–	–
Other energy sources								–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	**31,648**	**31,648**	**36,588**	**36,588**	**36,588**	**36,588**	**43,504**	**43,504**	**43,504**
Refuse:										
Removed at least once a week		34,111	34,111	34,111	34,111	34,111	34,111	36,752	36,752	36,752
Infrastructure - Other		34,111	34,111	34,111	34,111	34,111	34,111	36,752	36,752	36,752
Removed less frequently than once a week		24,100	24,100	437	437	437	437	437	437	437
Using communal refuse dump		6,011	6,011	925	925	925	925	925	925	925
Using own refuse dump		24,100	24,100	5,785	5,785	5,785	5,785	5,785	5,785	5,785
Other rubbish disposal		24,100	24,100	297	297	297	297	297	297	297
No rubbish disposal				1,746	1,746	1,746	1,746	1,746	1,746	1,746
Investment properties		78,311	78,311	9,190	9,190	9,190	9,190	9,190	9,190	9,190
Other assets	6	**112,422**	**112,422**	**43,301**	**43,301**	**43,301**	**43,301**	**45,942**	**45,942**	**45,942**
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)								30,000	30,250	30,500
Sanitation (free minimum level service)								8,000	8,250	8,500
Electricity/other energy (50kwh per household per month)								30,000	30,250	30,250
Refuse (removed at least once a week)								8,000	8,250	8,500
Cost of Free Basic Services provided (R'000)	8	13,080	13,080	12,000	12,000	12,000	12,000	189	191	192
Water (6 kilolitres per household per month)		6,114	6,114	8,000	8,000	8,000	8,000	170	186	202
Sanitation (free sanitation service)		18,494	18,494	24,000	24,000	24,000	24,000	189	191	191
Electricity/other energy (50kwh per household per month)		7,016	7,016	8,000	8,000	8,000	8,000	1,164	1,275	1,314
Refuse (removed once a week)										
Total cost of FBS provided (minimum social package)		**44,704**	**44,704**	**52,000**	**52,000**	**52,000**	**52,000**	**1,713**	**1,842**	**1,899**
Highest level of free service provided										
Property rates (R value threshold)		32,675,000	32,675,000	8,000,000	8,000,000	8,000,000	8,000,000	3,200,000	3,300,000	3,400,000
Water (kilolitres per household per month)		10	10	15	15	15	15	63	72	83
Sanitation (kilolitres per household per month)		70	70	–	–	–	–	99	104	110
Sanitation (Rand per household per month)		–	–	76	76	76	76			
Electricity (kwh per household per month)		100	100	125	125	125	125	8	93	104
Refuse (average litres per week)		98	98	120	120	120	120	8,701	9,214	9,758
Revenue cost of free services provided (R'000	9									
Property rates (R15 000 threshold rebate)										
Property rates (other exemptions, reductions and rebates)				8,000	8,000	8,000	8,000	8,938	8,940	9,412
Water		10,813	10,813	12,000	12,000	12,000	12,000	4,444	4,706	4,969
Sanitation		6,114	6,114	8,000	8,000	8,000	8,000	8,887	9,411	9,938
Electricity/other energy		18,494	18,494	24,000	24,000	24,000	24,000	9,998	10,588	11,181
Refuse		7,016	7,016	8,000	8,000	8,000	8,000	8,887	9,411	9,938
Municipal Housing - rental rebates					–	–	–			
Housing - top structure subsidies	6				–	–	–			
Other										
Total revenue cost of free services provided (total social package)		**42,437**	**42,437**	**60,000**	**60,000**	**60,000**	**60,000**	**41,153**	**43,056**	**45,438**

Explanatory notes to Table A10 - Basic Service Delivery Measurement

a. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services;

b. The budget provides for 8000 households to be registered as indigent in 2015/2016, and therefore entitled to receiving Free Basic Services. The number is set to increase to 10 000 households given the rapid rate of migration to town, especially by poor people seeking economic opportunities;

c. It is anticipated that these Free Basic Services will cost the municipality R41million in 2015/2016. This is covered by the municipality's equitable share allocation from national government; and

d. In terms of the needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services.

Part 2 – SUPPORTING DOCUMENTATION

Section 53 of the Municipal Finance Management Act 2003 (No. 56 of 2003) requires the Executive Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition, *Chapter 2 of the Municipal Budget and Reporting Regulations* states that the Executive Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in *section 53 of the Municipal Finance Management Act; 2003(No. 56 of 2003)*

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality, meeting under the chairpersonship of the MMC for Finance. The primary aim of the Budget Steering Committee is to ensure that:

- the process followed to compile the budget complies with legislation and good budget practices;
- there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and

- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1 Budget Process Overview

In terms *of section 21 of the Municipal Finance Management Act* , the Mayor is required to table in Council ten months before the start of the new financial year a time schedule that sets out the process to revise the IDP and prepare the budget. The Executive Mayor tabled in Council the required IDP and budget time schedule on 31 August 2014. Key dates applicable to the process were indicated in table 26 below:

Table 26: Schedule of key deadlines for the IDP/ Budget process

PHASE	MONTH	DATE	REFERENCE	ACTIVITY/IES	RESOURCE PERSON
Preparation	July			Review of the previous year's budget process by completing the budget evaluation checklist	CFO
			MFMA	Drafting of IDP, Budget and PMS process plan	IDP Manager PMS Manager
				Submission and presentation of draft IDP Process Plan to the District IDP Rep Forum for alignment	IDP Manager
			PMS Framework	Adoption of the PMS Framework	Council
	August			Working sessions on situational analysis: • IDP implementation analysis • Financial analysis • Situational Analysis • Imbizo Working Document • Demarcation Board questionnaire	All Directorates
			MFMA	4th (April – June) quarter assessment report and annual report presented to the PAC	PMS Manager
			MFMA 53 (3 (a) and (b)	Make public the SDBIP and Performance Agreements	PMS Manager

			MFMA 75 (1) (d)	Place annual performance agreements on the website	PMS Manager

PHASE	MONTH	DATE	REFERENCE	ACTIVITY/IES	RESOURCE PERSON
Preparation	**August cont.**			Establish IDP/Budget Committee and confirm internal & external consultation forums (consultation itinerary)	Executive Mayor
			MFMA 21	Adoption of IDP, Budget and PMS Process Plan by Council	Council
			MFMA 21	Publication of the Process Plan	IDP Manager
			MSA 34	IDP Rep Forum Meeting: presentation of approved process plan, revision of sector plans, presentation of TOP Layer SDBIP and budget related policies	IDP Manager PMS Manager IDP/PMS Manager
			MFMA & MSA	Submission of the 2011/12 performance report to the office of the Auditor General	PMS Manager
Analysis	**October**	09-30	MSA 34	Public Participation Process: wards visit	Executive Mayor/ Speaker
			MSA 34	Conclude initial consultations and reviews , establish direction and policy, confirm priorities, identify other financial and non-financial budget parameters including government allocations to determine revenue envelope, and financial outlook to identify need to review fiscal strategies (Implementation of Imbizo programme)	IDP Manager

PHASE	MONTH	DATE	REFERENCE	ACTIVITY/IES	RESOURCE PERSON
Analysis	October	06	MSA 34	Engage with Provincial and National sector departments on sector service delivery priorities for alignment with municipality developments plans	IDP/PMS Manager
				Working sessions on community needs and projectization • Finalisation of the analysis phase within all sector plans • Analyse the reviewed community needs and priorities • Determine strategic objectives for service delivery and development from next three year budget • Budget document and guidelines • Consider comments of the MEC on assessment of the draft IDP and incorporate programmes and projects of other spheres of government (Work session)	IDP/PMS Manager
			MSA 34	1st quarter performance assessment	PMS Manager
				IDP/Budget Steering Committee meeting	Accounting Officer
Strategies	November			Annual review retreat • Revision of vision and mission • Strategic Objectives • Direction to guide compilation of the budget. • Financial analysis 1. Factors affecting the medium term budget forecasts and the budget assumption	Manager Strategy & PMS Manager

PHASE	MONTH	DATE	REFERENCE	ACTIVITY/IES	RESOURCE PERSON
Strategies	November	26	MSA34	IDP Rep. Forum Compile and distribute budget guidelines, parameters and formats	IDP Manager CFO
				Submission of Operating budget and Capital Estimates to the Finance and Budget Office	All Directorates
				Review tariffs and charges and prepare proposals of new rates	CFO
				Draft or review budget related policies such credit control and indigent policy, tariff policy, budget policy etc.	CFO
Strategies	December		MFMA	Finalise first draft of annual departmental operational plans, service delivery and budget implementation plan for reviewing against strategic priorities	PMS Manager
			MFMA (1)	Finalise first draft of the annual report including annual report of the entity incorporating financial and non-financial information on performance, audits reports and annual financial statements	PMS Manager
			MFMA 54 (1)	Review implementation of the SDBIP, identify problems, amend or recommend appropriate amendments	PMS Manager
				Submission of revised/updated sector plans for inclusion in the IDP	All Directorates

PHASE	MONTH	DATE	REFERENCE	ACTIVITY/IES	RESOURCE PERSON
Projects	January		MSA & Municipal Planning and Perf.Managmnt Regulations	Mid-term performance review for : • Indicators and targets • Budget adjustment	PMS Manager & CFO
			MFMA & MSA	Mid-year performance assessment report submitted to council, OAG, national and provincial treasury and the provincial Department of Developmental Local Government and Traditional Affairs.	Accounting Officer
				Consolidate and prepare proposed budget and plans for next financial years taking into account previous year performance as per audited financial statements	CFO
				Tabling of the previous year's annual report with details of corrective actions undertaken arising from the audit report	PMS Manager & All Directors
			MSA 46 MFMA 21	Tabled mid-term performance and budget adjustments reports	Executive Mayor
			MSA 34	IDP/Budget Steering committee – analysis of adjustment budget	Accounting Officer
	February		MSA	IDP/Budget steering committee: screening and first presentation- preliminary projects estimates	Accounting Officer
				Consideration of the annual report and conducting of public hearings	Executive Mayor, Speaker, PMS Manager, Manager strategic support
			MFMA	**2nd (October – December)** quarterly report to Performance Audit Committee	PMS Manager
				Tabling of a revised budget through adjustment budget	CFO

PHASE	MONTH	DATE	REFERENCE	ACTIVITY/IES	RESOURCE PERSON
Projects	February			Review proposed national and provincial allocations to municipality to include into draft budget for tabling (Cluster Meetings	
	March	09	MSA	Joint IDP and Finance Portfolio committee	Accounting Officer
		30	MFMA	Draft IDP, Budget and SDBIP presented to Council	CFO, Manager IDP & PMS
			MFMA	Submission of Oversight report	Chairperson of Oversight Committee
Integration	April			Draft IDP publicized for public comments	IDP Manager
				IDP Rep. Forum meeting: Public comments invited in connection with the IDP and budget (workshop) Presentation of tariff policies	IDP Manager CFO
				3rd quarter Performance reviews	PMS Manager
			MSA	Feedback from communities for incorporation into the budget & IDP	IDP Manager CFO
Approval	May	09	MFMA	**3rd (January – March)** quarterly report to the MPAC	PMS Manager
				Tabled annual budget with resolution, setting taxes and tariffs, with changes to IDP and budget related policies, including measurable performance objectives for revenue by source and expenditure by vote for approval of Council before start of budget year	Accounting Officer
				Prepare the final budget documentation for approval taking into account any other new information of a material nature	CFO
			MSA	Final draft IDP, Budget, SDBIP tabled for approval	IDP Manager PMS Manage

PHASE	MONTH	DATE	REFERENCE	ACTIVITY/IES	RESOURCE PERSON
Approval	June	1ST Week	Municipal Finance Management Act 75	New Tariffs published	CFO
			MSA & MFMAA	Approved Budget and IDP published / advertised for public inspection	IDP Manager
			Circular: NT MFMA & MSA	MM's draft Performance Agreement submitted to the EM	PMS Manager
				Directors' Performance Agreements submitted to the MM	PMS Manager
			Circular: NT & MFMA	Approved budget, IDP and SDBIP submitted to National Treasury and MEC for Department of Developmental Local Government and Traditional Affairs.	CFO
			MFMA	Approved service delivery and budget implementation plans publicised for information and monitoring purpose.	PMS Manager
			MFMA	- Submit annual budget reports to National & Provincial Treasuries and District Municipality - Notify department of Local Government in the province about the budget approval - IDP, annual and adjustment budget, budget related policies, annual report, service delivery agreements, long term borrowing contracts published on Council website	IDP Manager
			MFMA	Make performance agreement public within 14 days after approval	PMS Manager

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.2 IDP and Service Delivery and Budget Implementation Plan

The Municipality's Integrated Development Plan (IDP) is its principal strategic planning instrument which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the draft 2015/2016 MTREF, based on the approved 2014/2015 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

During the compilation of the draft 2015/2016 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2014/2015 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Community Consultation

The draft 2015/2016 MTREF is scheduled to be tabled in council on 31 March 2015 for community consultation. The document will be published in the municipality's website, and hard copies will be made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with

section 23 of the Municipal Finance Management Act , to provide an opportunity for them to make inputs.

2.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the draft 2015/2016 MTREF, extensive financial modelling was undertaken to ensure affordability in the long-term and financial sustainability. The following key factors and planning strategies have informed the compilation of the draft 2015/2016 MTREF:

- The municipality growth;
- Policy priorities and strategic objectives;
- Asset maintenance;
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns);
- Performance trends;
- The approved 2014/2015 adjustments budget and performance against the SDBIP;
- Cash Flow Management Strategy;
- Debtor payment levels;
- Loan and investment possibilities;
- The need for tariff increases versus the ability of the community to pay for services; and
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in *National Treasury's Municipal Finance Management Act Circulars 51, 54, 68, 70 and 72* has been taken into consideration in the planning and prioritisation process.

2.4 Community Consultation

The draft 2015/2016 MTREF is scheduled to be tabled in council on 31 March 2015 for community consultation. The document will be published in the municipality's website, and hard copies will be made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with *section 23 of the Municipal Finance Management Act* to provide an opportunity for them to make inputs.

2.5 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilize integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of

office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget.

An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery. Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by the municipality correlates with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality's strategically complies with the key national and provincial priorities. The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance.

One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipalities response to these requirements. The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following highlights the IDP‟s five strategic objectives for the draft 2015/2016 MTREF and further planning refinements that have directly informed the compilation of the budget :

Build better communities and good governance - Strive to build a united, non-racial, non-sexiest, competitive and prosperous community and contribute towards building a metropole from of government.

Enhance financial sustainability -Strategies to ensure financial stability by raising revenue strategies, asset management, and financial management, enhance cost effectiveness and capital investment programmes.

Accelerate an inclusive growing economy - Encouraging the creation of job opportunities, SMME's development, provide for proper service to all the resident, and land use management for all the community of Randfontein and promote agricultural development.

Quality Living Environment - To render comprehensive primary health care services, fight spread of HIV/AIDS, promote SRA activities and library information services to the entire community of Randfontein.

Safe, Healthy and Secure Environment -To ensure that all citizens living in Randfontein and passing through Randfontein are safe and adhere to all provisions of *National Road Traffic Act.*

Operations and Support Services - Develop information technology system, secretarial support, legal support, administrative of all municipal support and training for municipal workers.

Establish effective and efficient services - Provide quality and sustainable electrical services, maintain road networks and storm water drainage system for all the community of Randfontein, effective on-going water and sanitation services, waste -management services in an effective manner, and parks and cemetery development in order to protect human health and well-being environment.
Enhance effective, accountable and clean institutional management and corporate, governance. Accelerated provision of effective, efficient and quality services and encourage cooperative governance and the involvement of all other stakeholders to provide a better life for all.

In order to ensure integrated and focused service delivery between all spheres of government, it was important for the Randfontein Local Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

a. Provision of quality basic services and infrastructure which includes, amongst others:

- Provide electricity;
- Provide water;
- Provide sanitation;
- Provide waste removal;
- Provide roads and storm water; and
- Maintaining the infrastructure of the municipality.

b. Economic growth and development that leads to sustainable job creation by:

- Ensuring there is a clear structural plan for the Municipality;
- Ensuring planning processes function in accordance with set timeframes; and
- Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

c. Fight poverty and build clean, healthy, safe and sustainable communities through:

- Effective implementation of the Indigent Policy;
- Working with the provincial department of health to provide primary health care services;
- Extending waste removal services and ensuring effective municipal cleansing;
- Ensuring all waste water treatment works are operating optimally;
- Working with strategic partners such as SAPS to address crime;
- Ensuring save working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces

The draft 2015/2016 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 27: Reconciliation of IDP strategic objectives and budget (Revenue)

GT482 Randfontein - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)											
Strategic Objective	Goal	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Council and Executive			35,769	92,992	27,221	38,355	38,355	38,355	38,461	37,635	39,994
Build better communities and good governance	Strive to build a united, non racial, non sexiest, competitive and prosperous community and contribute towards building a metropole from of government.										
Financial Management			122,539	102,973	183,027	156,297	156,765	156,765	163,338	170,859	180,026
Enhance financial sustainability	Strategies to ensure finanicial stability by raising revenue strategies, asset managent, financial management, enhance cost effectiveness and capital investment programmes.										
Development Planning/LED			8,843	6,794	8,922	8,392	6,292	6,292	6,791	5,596	5,903
Accelerate an inclusive growing economy	Encouraging the creation of job opportunities, SMME's development, provide for proper service to all the resident, and land use management for all the community of Randfontein and promote agricultural development.										
Social Services			9,280	1,748	4,545	3,392	3,392	3,392	1,406	1,445	1,523
Quality Living Environment	To render conprehensive primary health care services, fight spread of HIV/AIDS, promote srac activities and library information services to the entire community of Randfontein.										
Public Safety			21,956	27,607	42,301	50,640	18,840	18,840	21,524	22,794	24,071
Safe, Healthy and Secure Environment	To ensure that all citizens living in Randfontein and passing through Randfontein are safe and adhere to all provisions of National Road Traffic Act.										
Corporate Services			2,777	671	302	3,542	3,542	3,542	3,712	3,931	4,151
Operations and Support Services	Develop information technology system, secretarial support, legal support, administrative of all municipal support and training for municipal workers.										
Infrastructure			475,671	498,101	500,070	679,201	681,201	681,201	700,038	739,682	781,466
Establish effective and efficient services	Provide quality and sustainable electrical services, maintain road networks and storm water drainage system for all the community of randfontein, effective ongoing water and sanitation services,waste management services in an effective manner, and parks and cemetry development in order to protect human helalth and well being environment.										
Municipal Manager											
Enhance effective, accountable and clean institutional management and corporate governance	Accelerated provision of effective, efficient and quality services and encourage cooperative governance and the involvement of all other stakeholders to provide a better life for all.		2,214	1,987	–	–	–	–	750		
Allocations to other priorities		2									
Total Revenue (excluding capital transfers and contributions)		1	**679,048**	**732,873**	**766,388**	**939,819**	**908,387**	**908,387**	**936,020**	**981,941**	**1,037,134**

Table 28: Reconciliation of IDP strategic objectives and budget (Operating Expenditure)

GT482 Randfontein - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)										
Strategic Objective	Goal	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Council and Executive		57,277	96,264	52,248	59,456	58,878	58,878	62,212	64,140	67,580
Build better communities and good governance	Strive to build a united, non racial, non sexiest, competitive and prosperous community and contribute towards building a metropole from of government.									
Financial Management										
Enhance financial sustainability	Strategies to ensure finanicial stability by raising revenue strategies, asset managent, financial management, enhance cost effectiveness and capital investment programmes.	58,392	102,895	115,675	77,513	82,453	82,453	76,139	81,856	85,723
Development Planning/LED										
Accelerate an inclusive growing economy	Encouraging the creation of job opportunities, SMME's development, provide for proper service to all the resident, and land use management for all the community of Randfontein and promote agricultural development.	29,909	18,011	20,519	26,681	31,107	31,107	30,717	32,258	33,990
Social Services										
Quality Living Environment	To render conprehensive primary health care services, fight spread of HIV/AIDS, promote srac activities and library information services to the entire community of Randfontein.	29,040	24,811	5,849	33,876	40,250	40,250	39,412	41,369	43,591
Public Safety		39,979	20,272	57,359	74,198	41,188	41,188	42,091	44,574	47,070
Safe, Healthy and Secure Environment	To ensure that all citizens living in Randfontein and passing through Randfontein are safe and adhere to all provisions of National Road Traffic Act.									
Corporate Services		36,236	24,525	33,253	47,364	47,564	47,564	46,948	49,718	52,502
Operations and Support Services	Develop information technology system, secretarial support, legal support, administrative of all municipal support and training for municipal workers.									
Infrastructure		458,947	489,230	595,833	663,997	642,042	642,042	671,767	709,473	748,735
Establish effective and efficient services	Provide quality and sustainable electrical services, maintain road networks and storm water drainage system for all the community of randfontein, effective ongoing water and sanitation services,waste management services in an effective manner, and parks and cemetry development in order to protect human helalth and well being environment.									
Municipal Manager		16,185	31,038	7,515	11,645	11,345	11,345	11,877	11,838	12,471
Enhance effective, accountable and clean institutional management and corporate governance	Accelerated provision of effective, efficient and quality services and encourage cooperative governance and the involvement of all other stakeholders to provide a better life for all.									
Allocations to other priorities										
Total Expenditure		**725,964**	**807,045**	**888,251**	**994,729**	**954,826**	**954,826**	**981,162**	**1,035,225**	**1,091,662**

Table 29: Reconciliation of IDP strategic objectives and budget (Capital Expenditure)

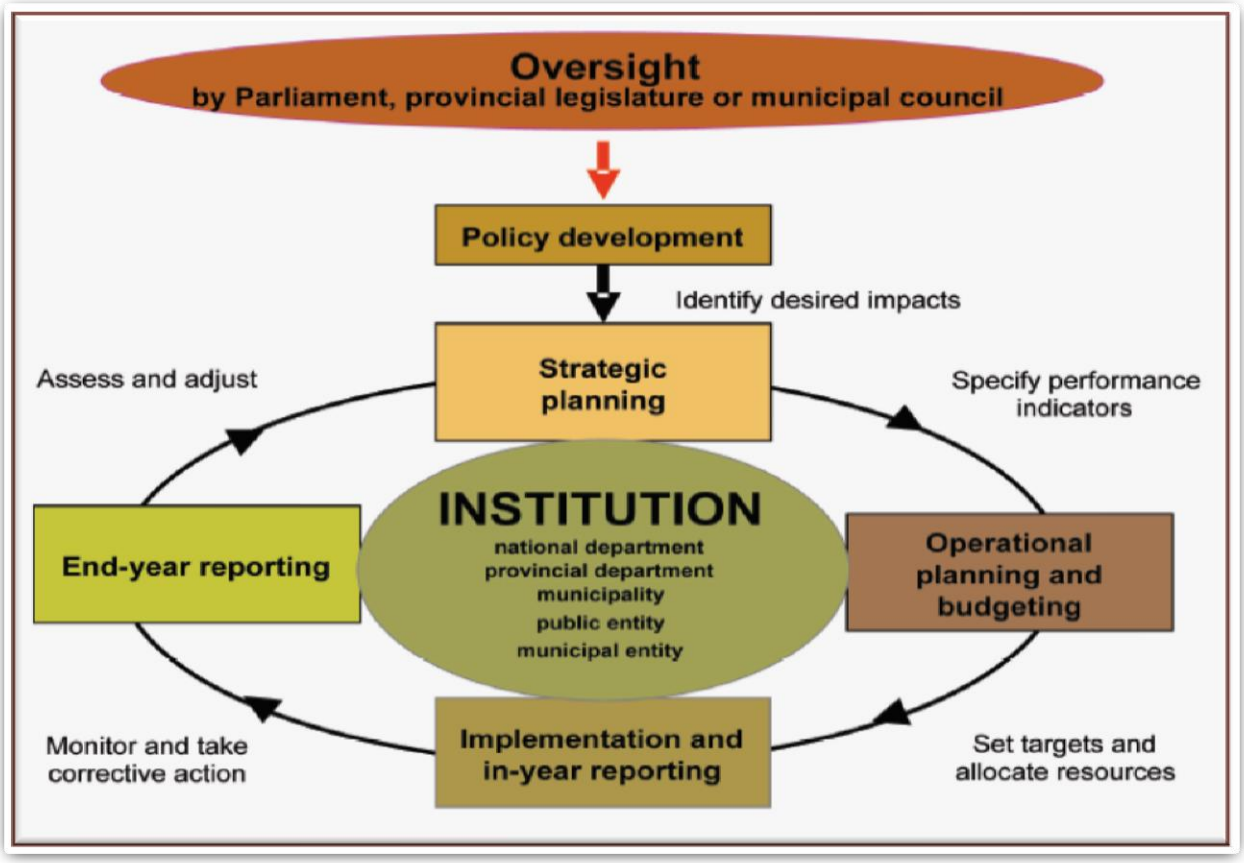
GT482 Randfontein - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)											
Strategic Objective	Goal	Goal Code	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Council and Executive		**A**	–	–	371	419	419	419	482	–	
Build better communities and good governance	Strive to build a united, non racial, non sexiest, competitive and prosperous community and contribute towards building a metropole from of government.	**B**									
Financial Management		**C**	–	–	37	–	–	–			
Enhance financial sustainability	Strategies to ensure finanicial stability by raising revenue strategies, asset managent, financial management, enhance cost effectiveness and capital investment programmes.	**D**									
Development Planning/LED		**E**	–	1,384	898	–	–	–	–	–	–
Accelerate an inclusive growing economy	Encouraging the creation of job opportunities, SMME's development, provide for proper service to all the resident, and land use management for all the community of Randfontein and promote agricultural development.	**F**									
Social Services		**G**	4,016	12,707	7,933	13,766	28,064	28,064	3,850	1,900	943
Quality Living Environment	To render conprehensive primary health care services, fight spread of HIV/AIDS, promote srac activities and library information services to the entire community of Randfontein.	**H**									
Public Safety		**I**	14,000	2,525	3,655	186	211	211	425	–	–
Safe, Healthy and Secure Environment	To ensure that all citizens living in Randfontein and passing through Randfontein are safe and adhere to all provisions of National Road Traffic Act.	**J**									
Corporate Services		**K**	113	1,400	4,151	569	1,643	1,643	15,310	15,310	15,310
Operations and Support Services	Develop information technology system, secretarial support, legal support, administrative of all municipal support and training for municipal workers.	**L**									
Infrastructure		**M**	106,594	39,758	61,825	50,619	59,827	59,827	80,929	66,135	70,752
Establish effective and efficient services	Provide quality and sustainable electrical services, maintain road networks and storm water drainage system for all the community of randfontein, effective ongoing water and sanitation services,waste management services in an effective manner, and parks and cemetry development in order to protect human helalth and well being environment.	**N**							–	–	
Municipal Manager		**O**	1,002	–	15	–	–	–	–	–	–
Enhance effective, accountable and clean institutional management and corporate governance	Accelerated provision of effective, efficient and quality services and encourage cooperative governance and the involvement of all other stakeholders to provide a better life for all.	**P**							–	–	–
Allocations to other priorities											
Total Capital Expenditure			**125,724**	**57,774**	**78,885**	**65,560**	**90,164**	**90,164**	**100,996**	**83,345**	**87,005**

2.6 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds.

The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

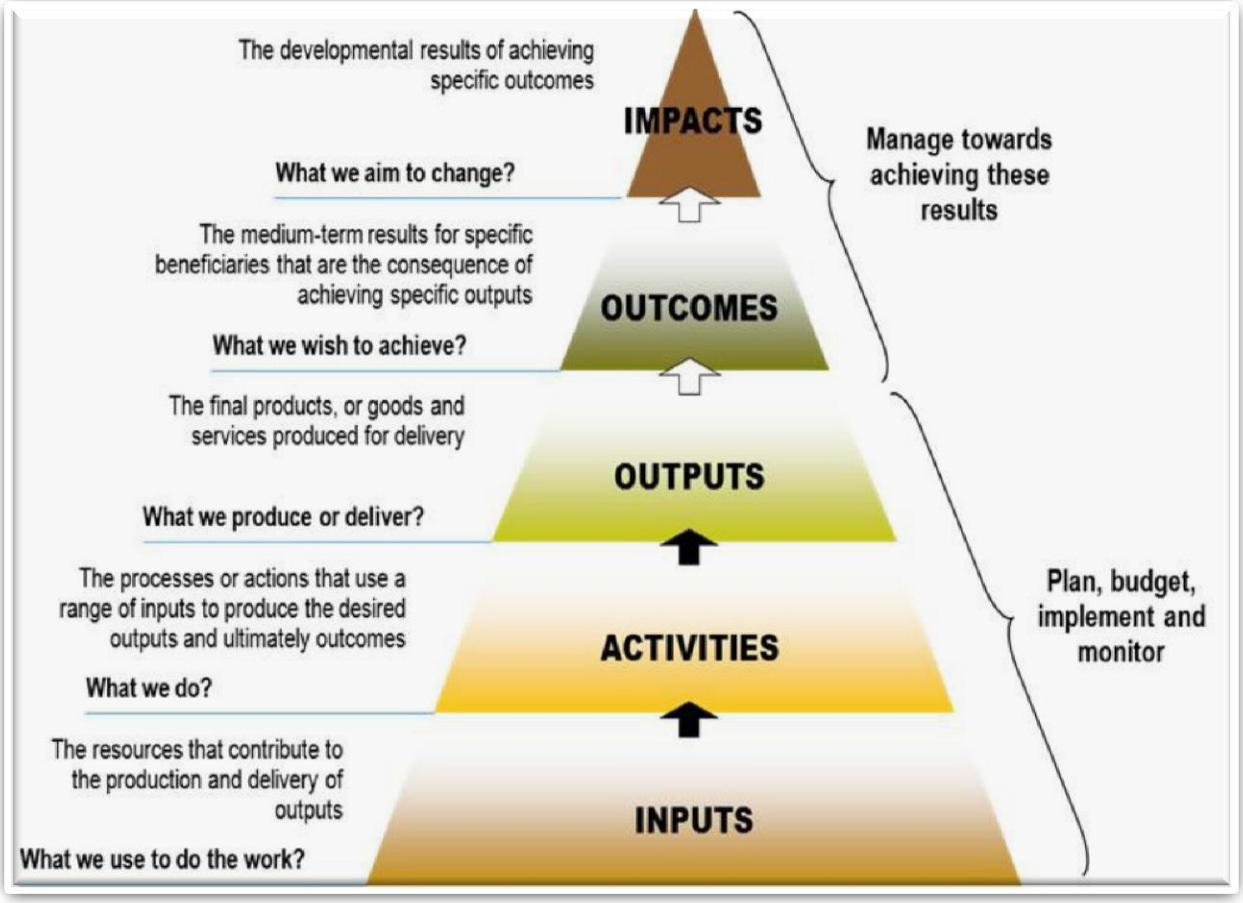
At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury which is depicted below:



2.7 Budget related policies

Randfontein Local Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The following policies have been reviewed and tabled to Council with the budget:

- Property rates;
- Debt and credit control;
- Budget implementation and monitoring;
- Supply Chain Management;
- Indigent consumers;
- Funding and reserves;
- Cash and Investment management;
- Long term financial plan;
- Tariffs
- Borrowing;
- Management and Disposal of Assets; and
- Infrastructure Investment and Capital Projects.
- Virement Policy
- Bad Debt Write off
- Unauthorized, Fruitless and Wasteful Expenditure policy
- Contract Management Policy
- Inventory Policy
- Unclaimed Deposit Policy
- Insurance Policy

The draft 2015/16 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 90% on current billings. In addition, the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels. Finally, debt owed by Councillors and municipal staff has been prioritised for speedy recovery. The credit control and debt collection policy has prioritised this area to show an **example of the debt collection initiatives by the Municipality.**

2.8 Overview of the budget assumptions

2.8.1 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the draft 2015/2016 MTREF, namely:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on the residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 24% of the total operating expenditure in the draft 2015/2016 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.8.2 Interest Rates on borrowing and Investment of Funds

The MFMA stipulates that borrowing can only utilised to fund capital or refinancing of borrowing in certain condition. The municipality is currently having a long term borrowing with the DBSA taken in 2000 at an interest of 15%.

2.8.3 Collection rate for revenue services

The base assumption is that tariff and rates will increase at a rate slightly higher that CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term. The rate of revenue collection is currently expressed as a percentage 97% of annual billings. Cash flow is assumed to be 97% of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.8.4 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, and real growth of the municipality, household formation growth rate and the poor household change rate.

2.9 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

2.9.1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. *Section 71* reporting to the Executive Mayor (within 10 working days) is fully complied with.

2.9.2 Internship programme

The municipality is participating in the Municipal Financial Management Internship programme. During the 2013/14 financial year, the municipality has employed 5 interns to undergo training in various divisions of the BTO. The Municipality managed to employ permanently 5 of the interns in the current financial year 2014/15. The Budget and Treasury Office is headed by the Chief Financial Officer who is on a **three** year contract, expiring in February 2017.

2.9.3. Audit Committee

A shared Audit Committee has been established and is fully functional.

2.9.4. Service Delivery and Implementation Plan

A detailed SDBIP document is at a draft stage and will be finalised after approval of the draft 2015/2016 MTREF budget in May 2015 directly aligned and informed by the draft 2015/2016 MTREF budget and Integrated Development Plan.

2.9.5. Annual Report

Annual report is compiled in the new formats as prescribed by the National Treasury.

2.10 Municipal Manager's quality certificate

I ……, Acting Municipal Manager of Randfontein Local Municipality, hereby certifies that the annual 2015/16 budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name **LARRY STEYN**

Acting Municipal Manager of Randfontein Local Municipality (GT482)

Signature _____

Date _____